

IN THE COURT OF THE TRANSPORT TRIBUNAL

TRANSPORT ACT, 1947—PART V

IN THE MATTER OF THE APPLICATION OF THE  
BRITISH TRANSPORT COMMISSION (1953 No. 134)

TO CONFIRM THE  
BRITISH TRANSPORT COMMISSION  
(PASSENGER) CHARGES  
SCHEME, 1953

WEDNESDAY, 11TH MARCH, 1953

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FIFTH DAY

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# PROCEEDINGS OF THE TRANSPORT TRIBUNAL

WEDNESDAY, 11th MARCH, 1953

PRESENT:

HUBERT HULL, Esq., C.B.E. (*President*)

A. E. SEWELL, Esq.

J. C. POOLE, Esq., C.B.E., M.C.

Mr. HAROLD I. WILLIS, Q.C., Mr. E. S. FAY, and Mr. KENNETH POTTER (instructed by Mr. M. H. B. Gilmour, Chief Legal Adviser to the British Transport Commission) appeared on behalf of the British Transport Commission.

Mr. H. V. LLOYD-JONES, Q.C., Mr. LEON MacLAREN, and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr) appeared on behalf of the London County Council.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. J. RAMSAY WILLIS and Mr. CHRISTOPHER HODSON (instructed by Sir Clifford Radcliffe, C.B.E., Solicitor and Clerk to the Middlesex County Council) appeared on behalf of the following County Councils: Middlesex, Berkshire, Buckinghamshire, East Sussex, Essex, Hertfordshire, Kent and Surrey.

Sir SHIRLEY WORTHINGTON-EVANS (instructed by Mr. Desmond Heap, Comptroller and City Solicitor) appeared on behalf of the Corporation of London.

Mr. J. RAMSAY WILLIS (instructed by Mr. W. O. Dodd, Deputy Town Clerk) appeared on behalf of Brighton Corporation.

Mr. G. R. ROUGIER (instructed by Mr. Archibald Glen, Town Clerk) appeared on behalf of Southend-on-Sea Corporation.

Mr. G. R. ROUGIER appeared on behalf of County Borough of Southend-on-Sea Railway Travellers' Association.

Mr. D. J. TURNER-SAMUELS (instructed by Mr. W. H. Thompson) appeared on behalf of London Trades Council.

Mr. GEOFFREY RIPPON (instructed by Mr. R. H. Buckley, Town Clerk) appeared on behalf of East Ham Borough Council.

Mr. GEOFFREY RIPPON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of West Ham Borough Council.

Mr. GEOFFREY RIPPON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of South-West Essex Traffic Advisory Committee.

Mr. C. OSMOND TURNER (instructed by Messrs. Carpenter, Wilson & Smith) appeared on behalf of London Passengers' Association.

Mr. GEORGE W. REYNOLDS represented London Federation of Trades Councils.

Miss DOROTHY D. FORSTER represented the Walthamstow Trades Council.

Mr. J. W. SYKES represented Edmonton Trades Council.

Mr. F. A. RULER represented the Federation of Residents' Associations in the County of Kent.

Mr. W. J. LUXTON represented The Association of British Chambers of Commerce.

Miss H. C. HART represented The National Association of Women Civil Servants.

Mr. N. J. LEWISOHN represented Whyteleafe & Kenley Residents' Association.

Mr. C. M. HAMILTON represented The Accountant-General's Department, Civil Service Clerical Association (Bickley Branch).

Mr. HYMAN FRANKEL represented The National Union of Bank Employees.

Mr. J. F. PLEYDELL represented Pitsea, Vange & District Resident Ratepayers' Association.

Mr. STANLEY MAYNE represented the Institution of Professional Civil Servants.

Mr. D. KELLY represented the South Essex Branch of the Communist Party.

Mr. J. E. MORRISH represented the Post Office Engineering Union.

Mr. J. REID represented the Amalgamated Engineering Union.

Mr. ALEXANDER HALLIDAY represented the Amalgamated Union of Bakers, Confectioners & Allied Workers, North London District.

Mr. D. J. D. WELLUM represented the Benfleet & District Railway Travellers' Association.

(*President*): Mr. Reynolds, have you got a copy of, or have you seen the objection lodged by the London Trades Council?

(*Mr. Reynolds*): I have not actually seen it, but I understand they are claiming to represent 400,000 trade unionists in the London area.

(*President*): Perhaps I had better read it: "And further take notice that the London Trades Council represents 400,000 members of the trade union movement in London. Together with their families, therefore, some 1,600,000 users of the services and facilities of the British Transport Commission are represented by the London Trades Council". Do you know the number of your objection?

(*Mr. Reynolds*): Seventy something, I think.

(*President*): It is 71. Your objection ends with the statement "And further take notice that the London Federation of Trades Councils represent 190,000 trade unionists in the London Area whose interest is that they are regular travellers on the services provided by the London Transport Executive and the Railway Executive in the London Area".

(*Mr. Reynolds*): That is quite correct, but that figure is now increased to 205,000.

(*President*): Tell me what you want to say in opposition to the London Trades Council objection.

(*Mr. Turner-Samuels*): Before Mr. Reynolds does, and before this objector objects to my objection, am I to understand that you have already decided that he has a locus? Because if you have not so decided—and I have no note of it—it would seem proper that before he should make any objection to another objector as to whom there was a favourable decision on the last occasion, that he should establish his locus. May I make it quite clear that I concede that locus myself, but you pointed out on the last occasion that it was not for the parties to decide who has locus or not.

(*President*): I am not going to decide against his locus unless someone who is objecting has objected, until the moment arrives when he seeks to cross-examine. I am taking it as a matter of convenience to-day, and because you were good enough to tell me that you did propose to cross-examine, or hoped to do so, on behalf of the London Trades Council.

(*Mr. Turner-Samuels*): I thought it would be curious if someone could be sustained in their objection against another objector when they themselves did not have the status of an objector, and that, whilst as a matter of convenience I will deal with the issue of my own status at any time convenient to the Court, it would be most curious if someone who was entitled not to have a status was permitted to object to someone who, as matters now stand, has a status.

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[Continued]

(President): I don't think we need discuss it. Whether curious or not, we are going to have the discussion.

(Mr. Reynolds): I would like to thank the Tribunal for having this hearing this morning to suit my convenience, and to apologise to the two learned Counsel for the London Trades Council for not informing them earlier that this matter was going to be raised.

In my statement on Monday I said I wished to oppose the *locus standi* of the body known as the London Trades Council, which claimed to represent trade unionists in the London area. I claim that this particular body does not represent trade unionists in the London area. Secondly, any person which it does claim to represent are persons who are not able to appear before this particular Court. I will try to be as brief as I can, Sir, but in order to aid the Tribunal I think I should give some brief outline of the position with regard to Trades Councils and other bodies of that nature in the trade union movement.

First of all, all membership of Trades Councils should be on an affiliated basis—that is, affiliations from Branch Trade Unions within the area of that Trades Council or, as the case with the old London Trades Council, from Area Committees or District Committees within the area covered by that body. All Trades Councils should be registered as such with the Trades Union Congress which is, of course, the main controlling body of the trade union movement in this country. The London Trades Council appearing before this Tribunal is not so registered. All Trades Councils have certain duties to carry out. They are supposed to carry out and foster locally the policy of the Trade Union Congress. They are supposed to encourage trade union activities in the area covered by that particular Council, and they also represent the trade unionists affiliated to them by submitting nominations to various Government bodies, such bodies as the Ministry of Labour Tribunal, local Youth Employment Committees, Hospital Regional Boards, Boards of Governors of Teaching Hospitals and other bodies of that nature, all of which have trade union representatives upon them. And by agreement with the Trades Union Congress and the Government it is the recognised units—the units officially recognised by the Trades Union Congress—who are called upon to provide these nominations to the appropriate bodies.

The London Trades Council is not able now to carry out any of these functions. It has not since October of last year been requested to supply a single nomination as trade union representative to any Government or semi-Government Board or Committee. I know that the London Trades Council who is appearing here this morning has a very very long history of work in the London area, but I would like to point out that in 1950 the Trades Union Congress was dissatisfied with the way in which the London Trades Council was carrying out its functions, especially that of fostering trade union activity in the London area. It warned the London Trades Council that it should do the job properly or not be re-registered. The Trades Union Congress considered in 1952 that the London Trades Council was still not carrying out its functions in a proper manner, and through a series of Committees with which I will not burden the Tribunal, it was eventually decided at the Annual Congress of the trade union movement—the supreme body of the trade union movement—not to re-register the London Trades Council. So that since that meeting in September, 1952, the London Trades Council, appearing here this morning, has not been able to carry out any of the normal functions of a Trades Council in the London area.

By reason of that decision at the Annual Conference of the Trades Union Congress last year, no union affiliated to the Trades Union Congress would now be allowed to take part in the activities of the London Trades Council. If so, they would themselves be in—if I may say so—Queer Street, with the Trades Union Congress.

(President): Are all unions affiliated to the Trades Union Congress?

(Mr. Reynolds): A very high percentage are. There is another similar organisation in the North of England—I think it is the Confederation of Trades Councils—but a very high percentage of unions are affiliated to the Trades Union Congress. It is recognised by the Government for

all purposes of consultation to do with trade unionists and for nomination to these various Government Committees.

The London Trades Council claimed in 1951 a total affiliated membership of 658,467—that was in 1951. At that time they claimed that 294,000 of these affiliated members were affiliated by reason of the fact that they themselves were affiliated to local Trades Councils in the various boroughs and districts covered by the London Trades Council. The remaining 364,000 were affiliated through District Committees or London Area Committees of various units.

Now, Sir, the Trades Union Congress has set up two new organisations to cover the trade union activities within the London area. One of these is the London Federation of Trades Councils—which has affiliated to it all of the active Trades Councils in the London area, totalling altogether 28 Trades Councils. The remaining Trades Councils in the London area decided that they would throw in their lot with the London Trades Council. They refused to accept the majority decision, which is a rather serious matter in the trade union movement, because if members did not accept the majority vote of their colleagues at the Annual Conference we should never be able to present united action. But the remainder did refuse to accept this majority vote and were refused re-registration by the Trades Union Council. It is of interest to note that of that 25, 10 were refused registration in 1940 for similar activities—political activities—in which they opposed the war effort against Germany on instructions from the Communist Party—this was before Russia was attacked.

Besides the London Federation which, as I have said, has affiliations from the Trades Councils, the Trades Union Council is also setting up another organisation to cover the London area—a new London Trades Council. It had intended to call it the London Trades Council, but was threatened by legal proceedings by the London Trades Council, and it is, therefore, calling it the London Trades Council 1952.

This new London Trades Council 1953 will accept affiliations from Areas and District Committees of Unions in the London area. It is having its first meeting to-morrow. It has received affiliation from the 25 largest unions in the London area, and has, at the moment, over 200,000 affiliations. Therefore, as I pointed out, the London Federation has 205,000 affiliations, the new London Trades Council 1952 has over 200,000 affiliations, all of which have come from the 600,000 claimed by the existing London Trades Council here to-day. They claimed 600,000 in 1951; 400,000 of them we know have definitely broken away and 400,000 from 600,000—well! The London Trades Council is claiming to represent 400,000 members to-day, whereas at the very most they could not possibly have more than 200,000. So, Sir, I would say that the statement at the bottom of their objection is completely false.

All the unions are not participating in the new London Trades Council; some have not been invited because they are too small, but I am quite certain that none of the other unions will affiliate to the London Trades Council for this current year, and I do submit that the Council for the London Trades Council should be able to put forward this morning a complete list of those unions which have affiliated to its body this year. I submit that we must—

(President): If they have 200,000 it doesn't make much difference.

(Mr. Reynolds): I appreciate that, Sir. I would submit that the affiliations they have got are not of the type which can appear before this particular Court. As I said, the Trades Union Council, in dis-affiliating, or refusing to re-register this particular organisation, considered it was not carrying out its duties as it should have been, and that it was being used as a platform for Party political propaganda. At the present time it can only undertake political propaganda, and I submit that this particular organisation is here not as a representatives of trade unions but as a representative of a people of a certain political train of thought in the London area.

(President): The individuals may be both—both trade unionists and also may hold particular political views.



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(Mr. Reynolds): That is quite true, Sir. Trade unionists hold, as we know, various types of political views, but I submit that the only ones that have remained in this particular Trades Council are of a certain political view—that of the Communist Party. I also submit that as it can carry out no trade union activities it is simply and purely being kept in being as an industrial front for the Communist Party of Great Britain in the London area.

Other political parties have various organisations within them composed of trade unionists, but I submit that if they attempted to appear before this Tribunal they would not be allowed to, because of their political nature. But this particular body here this morning does attempt to do that, and everyone in the trade unions knows full well that it is almost entirely composed of members of the Communist Party. In fact we are quite certain that the 4,000 which, I submit, is the most number of members they can claim to represent, are nearly all more or less individual members of the London Trades Council, and, as I pointed out before, the Trades Council can only accept affiliated membership.

I would submit that people at present attending meetings of this particular body are not representing anyone at all, but that it is an organisation of its own initiative to keep the body in being.

(President): But whatever they call themselves they represent a substantial number of people, represent them as passengers. That is in line with the rule hitherto adopted in allowing people a locus.

(Mr. Reynolds): Yes, if they represent passengers. They claim to represent 400,000 people. Obviously the Tribunal must bear in mind how many people these various Councils do represent. It might affect the weight of the evidence put forward. I submit that the London Trades Council has been completely untruthful in trying to maintain that they represent the number claimed.

I submit that this particular organisation is composed completely of sheep in Communist clothing, who are endeavouring to keep this particular body running as an industrial front for a particular party. It is only a political party and is controlled not by the members themselves but by the Headquarters of the British Communist Party in King Street. Therefore, if this particular organisation is going to be heard I submit that it cannot be heard as representative of trade unionists in the London area. It is very important to my Federation, because we do claim to represent the trade unionists in London, and we do actually represent them. The London Trades Council, however, does not represent any trade unionists or any trade unions. I would ask that the London Trades Council be asked to submit actual details of union of all the Trades Councils within the London area it is claimed to represent. I submit the number claimed is entirely inaccurate and also that it is a political organisation and, as such, should not be here.

(President): Mr. Turner-Samuels this seems to raise questions of fact.

(Mr. Turner-Samuels): Yes. I had notice that the London Federation of Trades Councils was making a political attack on the London Trades Council, in which it was making a number of allegations of fact, unsubstantiated by any evidence whatsoever, and I can tell you that all the material information that it has purported to give is inaccurate. I do not propose to rise to all the baits. I think it most unfortunate that one trade union body should—at a hearing like this concerning a matter that affects all trade unionists—attack another trade union body. However, I think I can satisfy you clearly, Sir, on any basis, that the London Trades Council have *locus standi*, and I shall not, in any sense, seek to attack the London Federation, because, as I have said, such an attack in a Tribunal like this, in the present circumstances, is quite unseemly.

I can start off on this basis: that it being presumed that a Court of Law comes to a correct decision upon the facts before it, subject to any changes since the last occasion I have a *locus standi*, and therefore I need not deal with the whole area of the subject, but look at the changes. Before looking at the changes I have cause to tell you what has *not* changed. And one thing which is most material and to which this Tribunal paid the greatest attention in connection with all organisations at the hearing on the last occasion, are rules. The rules of the London Trades Council have not altered in one iota.

The London Federation, which admits it is a body set up by the Trades Union Congress, and therefore not set up by trade union bodies in London—set up from the top and not from the bottom—seeks to say that any Trades Council not registered by the Trades Union Congress is not a Trades Council. Of course that is nonsense, and unfortunately for them I am in a position to prove it is nonsense out of their own mouths. I am handing in a booklet published by the Trades Union Congress, known as the Trades Council Guild, which incidentally was before this Tribunal at the previous inquiry. I don't know if yours is the same edition as mine, Sir—which is the second edition, May, 1950.

(President): Yes.

(Mr. Turner-Samuels): I would like to refer to page 7, and it is the second sentence on that page: "There is no compulsion about registration, but the services of the Trades Union Congress can only be afforded to Trades Councils which have brought themselves within the registration scheme". That destroys the first base, at any rate, of Mr. Reynolds's case, and perhaps I should read on. "It is proper that Trades Councils which claim the right to be associated with the Trades Union Congress should accept certain obligations, but if a Trades Council does not wish to accept the obligations approved by the Congress there is no authority which compels a Trades Council to register itself under the Congress scheme."

So the Trades Union Congress admits, or had admitted formerly, until this moment, that a Trades Council can exist outside its own Trades Union Congress. There is a second question of fact with which I would like to deal. Mr. Reynolds said that a number of Trades Councils were refused registration during the war, for some reason. I do not propose to pursue that point at all. This is not a political forum, as I understand it, even though it has been used as such by the London Federation. But I must correct this. The registration scheme was not in existence at that date. I have here a number of fat documents, known as the Report of the Annual Congress of the T.U.C. The scheme of registration was first instituted by the Trades Union Congress at its 78th Annual Congress in 1946, where it was decided that to overcome certain anomalies and to create greater uniformity, etc., Trades Councils would be registered by the Trades Union Councils instead of recognised by them. Recognition is a nebulous term—registration was more positive, a more precise and definite relationship. Registration would involve, as it does now, acceptance of the model rules as a basis of organisation.

(President): Which Congress was that?

(Mr. Turner-Samuels): The 78th in 1946. That decision instituted registration, which was put into effect by 1948. The rules of the London Trades Council, which, as I have told you to-day, were the same as on the last occasion, are rules which have been in fact approved by the Trades Union Congress, so that if it is being alleged that under its rules the London Trades Council does not and is not entitled to carry out trade union activities, that means that the Trades Union Congress itself has approved rules which it is now saying do not enable the Trades Council to carry out trade union activities and functions. That completely demolishes their argument on that point.

I do not wish to go into the merits or demerits of the failure of the Trades Union Congress to register the London Trades Council, although that has been expanded in some inaccurate detail by Mr. Reynolds, but in view of the assertions which he has made, I must correct one or two innuendos. First of all this matter was finally discussed at the last Congress, the 84th, in 1952. The failure to register was the subject of a special part of their debates, and the debate was initiated by Mr. Edwards of the National Union of Vehicle Builders, and seconded by Mr. Maitland of the Electrical Trades Union, who were trying to get the matter referred back. The point was made by Mr. Edwards in that debate, and never denied, that the London Trades Council had never been requested by the Trades Union Congress to attend a Committee of Inquiry so that their purported misbehaviour might be made known to them and the matter thrashed out, and it could be seen whether in fact the allegations did have any basis at all. They were judged upon the case of one side only and were given no opportunity of answering

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that case. If such a method had been adopted in connection with the expulsion of a member of a trade union, it would have been upset by the High Court as contrary to all natural justice.

Sir Luke Fawcett, speaking for the General Council at the conclusion of that debate said this: "With regard to their registration, we say that they cannot function under the banner of the British Trades Union Congress because of the things they are doing," Those are Sir Luke's very words, he then being the Chairman of the Trades Council's Committee as well as a Member of the Trades Union Congress General Council.

It is now being said by one of the minor officials of the Trades Union Congress that Sir Luke's gathering, was mistaken and in fact the London Trades Council was not registered, not because of the things they are not doing, but because of the things they are doing; they have been carrying out political activities, and so on.

(Mr. Reynolds): May I correct one point which has just been made? I am not a minor official of the Trades Union Congress. In fact I am not an official of the Trades Union Congress at all; I am an official of the London Federation of Trades Councils.

(Mr. Turner-Samuels): I am sorry if I gave Mr. Reynolds a status which he does not have. Therefore that part of his submission was erroneous, but I wish to emphasise the point that I made earlier, that a Trades Council can exist quite apart from any aura of responsibility that may be given to it by the Trades Union Congress, quite apart from any registration or anything like that. There are quite a number of Trades Councils in this country who are not registered by the Trades Union Congress but who exist and carry out their functions despite that. The Trades Union Congress itself recognises and has always recognised that a Trades Council can properly exist without being registered under this recent registration scheme.

Mr. Reynolds goes on to say: "I represent nobody; that is to say, I do not represent more than 200,000 people". He later altered that figure to 4,000. I do not quite know how he is putting the case here, whether it is that I do not represent a substantial proportion, or what. Let me say this, that the Trades Union Congress has more unions outside the Congress than inside the Congress. A larger union membership is inside than out, but a larger number of trade unions are out than in—that is, trade unions registered with the Registrar. I think the figures of Trades Union Congress membership are roughly 8,000,000—it is about 20,000 more than that, the exact figure, but it is roughly 8,000,000—and of course there are very many more workers in this country than 8,000,000.

As to the numbers that are within the London Trades Council, let me say at once that the figure given in the London Trades Council's Objection was inaccurate at the time the Objection was put in; it was much too low. This was done deliberately because it was appreciated that the substantial efforts the Trades Union Congress was making to take away the membership of the London Trades Council would have effect, and that effect would be felt by the time this matter came before the Tribunal. Therefore the low figure of 400,000 was put in as representing, as best the Trades Council was able then to calculate it, the number who would be affiliated to it about the time this Tribunal was expected to be dealing with the matter.

The last Report of Membership is the Annual Report, and Statistical Statement for 1952. This is not yet published, but I have here the page proofs from the printers, and I shall be happy to put them in. I shall be putting in the whole lot, Sir, although it is the last two which I think will interest you most. I am sorry I have to do it in this way, but it has not yet been published in bound form, although it is expected to be in a few days.

(President): I see that it had not yet been decided by the time this proof was drawn, how many hundred thousand trade unionists do support the Trades Council?

(Mr. Turner-Samuels): The figures are at the back, Sir.

(President): I was looking at the front, the record of achievement and it says it is to-day "over (blank) hundred thousand".

(Mr. Turner-Samuels): Yes. I understand that the figure of 608,000 is going in there.

(President): When you say the back, do you mean before or after the accounts?

(Mr. Turner-Samuels): That is at the date of the Report which is the end of 1952.

(President): This gives the number of the unions who are affiliated, and their membership?

(Mr. Turner-Samuels): Yes. There are two forms of affiliation as I mentioned on the last occasion: There is affiliation from local Trades Councils and affiliation from unions within the London area.

(President): Yes.

(Mr. Turner-Samuels): The affiliation from unions within the London area can be in one of two forms: It can be either by the London District Council of the union, or by the branches of the union. You may also recollect that it is the practice of unions not to have a double affiliation, thereby paying a double affiliation fee. If a branch is affiliated to a local Trades Council, which is affiliated in turn to the London Trades Council, then the practice is for that branch not to affiliate direct to the London Trades Council. Therefore the two totals of London branch and district union bodies affiliated in the total of the London Trades Council members affiliated, is cumulative. I will not say that there is not a small overlap, but in principle it is cumulative. I can tell you that, I think, it is the second part of that list which deals with what is called Group 10, London Federation of Trades Councils, and that shows that there are twenty-eight Trades Councils still affiliated to the London Trades Council. I do not know if you want me to read out the list?

(President): No.

(Mr. Turner-Samuels): It seems an unnecessary burden on the transcript, but I can give you two examples of the union, that is the District and the Branch, affiliations. There are 30,000 affiliations, in round figures, from the Electrical Trades Union, and there are 3,500 affiliations from the Boilermakers' Union. Those two figures alone are somewhat in excess of the figure suggested by Mr. Reynolds, of 4,000.

(President): Anyhow, there is a list here of 314,774 unions, by which I mean Branches or Area Committees, who have paid something in the way of fees in respect of the calendar year 1952.

(Mr. Turner-Samuels): Yes. That is the last Report which has come out.

(President): When does the London Trades Council year run? Is it the calendar year?

(Mr. Turner-Samuels): From the beginning of February every year to the end of January.

(President): Because quite a number of the unions—by which I mean Branches or Area Committees—seem to be in arrears.

(Mr. Reynolds): I can explain that later.

(Mr. Turner-Samuels): That happens each year, Sir. I have the previous year's Report here, and it shows that there were arrears the previous year. They seem to be made up from time to time. I do not know if you would like last year's Report?

(President): No. This year's is more interesting; I do not want last year's.

(Mr. Turner-Samuels): That is the latest one.

(President): I meant that 1953 would be more interesting.

(Mr. Turner-Samuels): That is a little premature, Sir. The financial year is from the beginning of the year, the 1st January to 31st December. The London Trades Council claims affiliations this year—that is, already this year—in respect of upwards of 300,000. It is clear that the affiliated membership of the London Trades Council is far in excess of the membership of the new body which has been set up by the Trades Union Congress. You have heard that the Trades Union Congress has set up two bodies, one known as the London Trades Council 1952—I do not know if that will be changed now to 1953—and the other is called the London Federation of Trades Councils. I would like to say (because these

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things can cause confusion) that the London Trades Council's full title is the London Trades Council Incorporating the London Federation of Trades Councils, which were incorporated many years ago. I do not wish to go into the issue of whether the Trades Union Congress is entitled to pass off any other body as the London Federation of Trades Councils, but it is quite clear that their membership—and they are claiming the right to object—is very much less than mine.

In those circumstances the only change since the last occasion has been the fact that the Trades Union Congress has failed to re-register the London Trades Council which, as the Trades Union Congress admits, does not affect the being of a Trades Council whatsoever. The other thing is that there has been a drop in affiliated membership to something in excess of the membership of the London Federation, so called. It is for this reason, amongst others, that I desire you to test the question of the right of the London Federation to object because, clearly if they can object with their smaller membership on the basis of representing somebody, I can with my larger membership. I would be quite prepared to argue, and I think entirely correctly, that if I represented 50,000 trade unionists or even a lesser number, I would be entitled to come here and object. I represent, of course, more than six times that number.

So much has been said about the London Trades Council being used as a platform for party political propaganda. There was one phrase which struck me as being particularly colourful, and rather unusual, that we were sheep in Communist clothing. I had understood that Communists were usually wolves in sheep's clothing. However, leaving that aside, I do not know if you desire me to deal at length with the activities of the London Trades Council, the sort of work it has been carrying out, the resolutions it has adopted, the activities of its multifarious affiliated bodies, and so on?

(President): I am looking at the Report. I have been glancing through this Report and I see it refers to one of the activities, namely the opposition at the last Fares Inquiry. The Report says that as a result of the Trades Council's campaign, the increases were held up for nearly a year, with a consequential saving of some £10m. for London workers. I hope that is not directed to your opposition, Mr. Turner-Samuels; I do not think you delayed us for a year.

(Mr. Turner-Samuels): I could not claim all the glory, Sir. You have the Report of their last year's activities, and you see the sort of thing that they do. They have done what every Trades Council does, they have continued to do what every Trades Council does. Perhaps they have been a little more militant and a little more active than the Trades Union Congress would like to see them. However, that is not a matter which is material for this Tribunal.

Finally, they are a body which is older than the Trades Union Congress, having been born in 1860 as against 1868 in the case of the Trades Union Congress.

(President): I do not think that helps you.

(Mr. Turner-Samuels): It does show that they have existed before and can exist apart from the good offices of the Trades Union Congress.

(President): It is not like the registration of titles, is it?

(Mr. Turner-Samuels): I am rather at a loss to appreciate quite what it is like. I should have thought that it is clear I represent a substantial number of people, and in those circumstances I find it very difficult to argue the matter. It is precisely as it was when it was last before you, except for the fact that we now have not the rubber stamp of the Trades Union Congress. How that can mean that we can no longer represent our affiliated members, I fail to understand, and I do not think anything Mr. Reynolds says could show to the contrary.

I am very anxious to deal with this matter in a proper way and not to bring in political considerations or make a political speech. Once I start dealing with many of the totally unfounded allegations of Mr. Reynolds, of course, I am embarking upon the political arena and making this Tribunal, as he has made it, a forum for political discussion. However, I want to satisfy you that of course the London Trades Council has a *locus standi*, and if you have any doubts in your mind as to that, I would much appreciate your indicating what they are,

so that I can deal with those specific matters and not enlarge upon matters which in fact have no bearing upon the issue at all.

(President): I do not think we need trouble you any further, Mr. Turner-Samuels. The point is not, Mr. Reynolds, what they call themselves; they can call themselves Abacadabra Limited if they like, but if they are a body—no doubt they are a body—and if they represent a class of persons who use passenger facilities, so far as we have interpreted those very difficult words in the Act, whether they are affiliated to you or recognised by you is irrelevant. By "you", I do not mean yourself, of course—I mean the Trades Union Congress.

(Mr. Reynolds): I fully agree with that, Sir, but I just want to make one point. The Report which has been presented to you is, of course, the 1952 Report as you mentioned, and for nine months of 1952 this particular body, though it was under a cloud, had not been refused registration finally by the Trades Union Congress. You pointed out also that there were several arrears there. I think I can explain the reason for those arrears. It is in effect that lots of unions and Trades Councils, knowing that this trouble was going on and being fairly certain of the outcome at the Annual Conference of the Trades Union Congress, felt that they did not want to waste any of their members' money during 1952.

(President): Perhaps they felt they could save it.

(Mr. Reynolds): They felt they could save it, yes, so they did not send it along. Mr. Turner-Samuels did mention the Boilermakers' Union. I think it is rather unfortunate that he should mention that particular Union.

(Mr. Turner-Samuels): So that the matter can be right, I am instructed that a number of those bodies, who are shown as being in arrears, have in fact paid since.

(Mr. Reynolds): But not the Boilermakers' Union. The Boilermakers' Union—it has a rather longer title than that; it is, I believe, the United Society of Boilermakers and Steel Ship-Builders—is one of the 25 organisations which I mentioned a little earlier, who are participating tomorrow in the setting up of the new London Trades Council, 1952. That is why I was hoping that Mr. Turner-Samuels would be putting forward a list of those Unions which are still affiliated, because I am quite certain that many which are being claimed, as was the Boilermakers' Union—he only mentioned one; if he had mentioned ten of them, I might have been able to give the Tribunal information on all ten—have now left the London Trades Council. In the case of that particular one, it has definitely left the London Trades Council, and representatives of it tomorrow will be joining the new London Trades Council which is meeting on that particular date.

I quite agree with Mr. Turner-Samuels when he says that the mere fact of registration will not affect this particular Tribunal. That is quite correct. You are concerned with actually how many people are represented, but I would draw Mr. Turner-Samuels' attention to the fact that they are claiming the figure of 400,000 as a minimum in 1951—as I say, they claim about 350,000 now—but since about that date the Transport & General Workers' Union, London Area, representing 83,000 has withdrawn; the Municipal & General Workers' Union—

(President): Suppose you cut it down to 50,000?

(Mr. Reynolds): I think it could be cut down even lower than that.

(President): Suppose you cut it down to 20,000?

(Mr. Reynolds): Yes, they are still representing the travelling public in the London area of course, but they are not representing the Trade Union travelling public; they are not representing a certain political section of the travelling public.

(President): A number of people who are trade unionists.

(Mr. Turner-Samuels): I do not like interrupting my friend, but he is raising new matter, which again is totally inaccurate. The 1951 Report of the London Trades Council shows that of the Transport & General Workers' Union, London Area No. 1 membership, only 23,000 members were affiliated, not the figure which Mr. Reynolds has suggested.

(Mr. Reynolds): That was the amount of money paid before they decided to come out, and it came up to 23,000.



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[Continued]

Also Trades Councils with more than 200,000 members have left the London Trades Council and gone into the new Federation. The Transport and General Workers' Union salaried staffs have left the Trades Council—

(President): What it may be later we do not know, but with a large number of trade unionists it can be said, in the sense that we say is satisfactory, who is represented.

(Mr. Reynolds): Yes, but the number is nothing like that on the statement which has been put in, and the estimate is a gross over-estimate. I think we can get a list out this morning and then we shall be able to see what the position is. I think it is misleading the Tribunal to quote a high membership as being represented when the fact is quite the opposite—and a high figure of membership has been quoted for 1953. I do not say that this will affect the deliberations of the Tribunal, but it is misleading to say that they are listening to the representatives of such a large number.

(President): I do not think we are affected in any way by the numbers; a small body with a good argument would have a much greater weight with us than a large body with a bad argument.

(Mr. Reynolds): Nevertheless, the figure in front of you, which it is claimed is correct, is misleading.

(President): I do not think we shall take any notice of it. Everybody knows that these bodies, which are said to represent millions of people or hundreds of thousands of people, or thousands of people, do not really know and would not care if they did know.

(Mr. Reynolds): Yes, but this particular body is not carrying out trade union functions—

(President): That does not matter.

(Mr. Reynolds): It is only carrying on a political function; I think that would interest this Tribunal. In 1952, as can be seen, they were leaning over backwards to satisfy the Trades Union Congress that they were working efficiently and properly. Since then they cannot be said to represent the trade unions at any Government Tribunal or Hospital Board, and that is a very important part of the work of a Trades Council. But they have been deprived of their right to represent trade unionists in the industrial field; the majority of members of the Executive Council of one particular trade union of which I know are members of one particular political party, and the majority of the members have been withdrawn by the Trades Union Congress Committee. I understand that even the Union of Furniture Trades Operatives, of which the Secretary of the London Trades Council is a member, has decided to come into the new organisation. In those circumstances, so far as my knowledge is correct, even the Secretary cannot be said to be an accredited delegate, even though he is said to be representing a large number of people. I submit that the figure which has been given to you is incorrect, and that they are unable now to carry out any industrial activities.

(President): Can you two gentlemen between you assist us in telling us which of the 20-odd Trades Councils who

have put in Objections are Trades Councils which are approved by the Trades Union Congress and which are not?

(Mr. Reynolds): I have the list of the ones which are still registered by the Trades Union Congress.

(Mr. Turner-Samuels): I think I can assist you, Sir, if you have before you the classified list of the Objectors. The first one of those is outside the London Trades Council.

(President): That is Dagenham?

(Mr. Turner-Samuels): Yes, Sir.

(President): You say that is outside your body?

(Mr. Turner-Samuels): Yes, Sir; my body is the only London Trades Council. Deptford is affiliated; Edmonton is not.

(President): Just wait a minute; you say that Dagenham is with you?

(Mr. Turner-Samuels): Dagenham is with nobody, Sir.

(Mr. Reynolds): It is outside the London area.

(Mr. Turner-Samuels): Deptford is with the London Trades Council; Edmonton is not with the London Trades Council.

(Mr. Reynolds): That is with the new Federation.

(Mr. Turner-Samuels): Enfield is with the London Trades Council; the Essex Federation is outside; Hammersmith is with the London Trades Council; Harrow is not; Hendon is with the London Trades Council; Islington is; Lambeth is.

(President): Then we come to Paddington.

(Mr. Turner-Samuels): Yes, Sir; that is with the London Trades Council.

(President): What about St. Pancras?

(Mr. Turner-Samuels): Yes, Sir—that is with the London Trades Council.

(President): Southend is outside?

(Mr. Turner-Samuels): Yes. Southwark is with the London Trades Council; Staines is outside; Walthamstow is outside; West Ham is outside; Westminster is with the London Trades Council.

(Mr. Reynolds): On the question of Hammersmith and Westminster, Sir, new Trades Councils have been formed, and those are with the Trades Council.

(President): There are two bodies?

(Mr. Reynolds): Yes, Sir.

(Mr. Poole): Which are the Objectors—the old body or the new body?

(Mr. Turner-Samuels): The Objectors are with the London Trades Council.

(President): We are not prepared to hold, on the information before us, that the London Trades Council has not a *locus standi*.

(Mr. Reynolds): Thank you, Sir.

Sir REGINALD HOLMES WILSON, recalled.

Cross-examination by Mr. RIPPON continued.

(Mr. Rippon): If you remember, Sir, yesterday I was referring to a statement in "The Times" which was purported to be made by an official of the British Transport Commission. I had not then the date of the statement, but I have now ascertained that it was printed in "The Times", dated 20th December, 1952. I do not know if the Tribunal wishes to have a copy of that statement, but now that Sir Reginald Wilson has indicated in answer to Question 515 on page 57 of the transcript that he does not take any responsibility for it, whether I check up on it or not, I may say that I place no further reliance upon it.

(President): It sounds to me to be an instance of what happens not infrequently—of the Publicity Officer not being sufficiently in touch with those who know the statistical side.

574. (Mr. Rippon): Yes, Sir; I have no doubt that is the correct explanation. (To the Witness): Will you turn now to Exhibit B.T.C. 402; Item No. 1 of that Exhibit shows the three increases in wage rates and price levels since the conclusion of the hearing of the 1952 Scheme?—Yes.

575. And Item No. 1a shows the increase in duty on petrol and fuel oil in March, 1952; it shows that as £1.2m.?—Yes.

576. I understand that Lord Latham at a Press conference on the 6th January of this year, which has already been referred to in this Inquiry, gave a figure of £1,150.

(Mr. Harold Willis): I think I might point out that the figures which Lord Latham gave related to the London area, and therefore we may find certain differences between these figures, which relate only to London Transport, and the figures which he gave.

(Mr. Rippon): Yes, but some reliance has been placed on the figures given in that Press statement, and I would just like the Witness to give us the exact build-up of the £1.2m.

(Mr. Harold Willis): May I say that in regard to the more detailed build-up of these figures, I am going to call Mr. James, the Chief Accountant of the London Transport Executive, who will be able to pursue the matter in far greater detail than will Sir Reginald, Of



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[Continued]

course, Sir Reginald is able to speak to these matters in general, but perhaps without the full detail that you may wish to have.

(Mr. Rippon): I was just thinking that probably Sir Reginald had followed these figures in the building up of his evidence—

(The Witness): Yes; it is the increase of 7½d. a gallon, which was one of the matters in the 1952-53 Budget.

577. (Mr. Rippon) (to the Witness): If you have not the exact figures, I will, as my learned friend Mr. Willis suggests, put it to a later witness.—Yes, but I think you will find that the £1.2m. is an exact figure—at any rate to the nearest £100,000, which is what we are working to.

578. But if you had rounded up a number of items of £50,000 under (a), (b), (c) and (d), that would make an appreciable difference to the total shown on Exhibit B.T.C. 402, of £3.6m?—When I say that we are working to the nearest £100,000, that implies that some will be rounded up and others will be rounded down.

579. But it would be necessary that we should have a more precise figure, so that we can do our own rounding up and down?—I would like to suggest that the nearest £100,000 is near enough when we are talking of figures between £70m. and £80m.

580. But it is built up of items which are relatively small?—Yes, but in my experience, speaking mathematically, if you work to the nearest £100,000 and round up those which ought to be rounded up, and round down those which ought to be rounded down, you will not be more than £100,000 out at the end of the day, and when you are speaking of millions—

581. But those who I am representing are not thinking mathematically. There is a discrepancy between those figures, and I take it that you are explaining it as well as you can?—I do not admit that there is a discrepancy.

582. Could you, for instance, work to the nearest £50,000?—No, I do not think we should want to go to the nearest £50,000 in speaking of these estimates.

583. So I take it that you refuse to give me the more accurate figures?—The more accurate figures for what?

584. Lord Latham was apparently prepared to express it as £1,150,000, and those whom I represent find that a more satisfactory figure than £1.2m. At any rate, you will not say what the actual figure is, or which is the more accurate?—I do not suppose £1,150,000 was the actual figure.

(President): It almost certainly was not, because figures very seldom work out to units of £10,000.

585. (Mr. Rippon) (to the Witness): But it might have been between £1,100,000 and £1,150,000?—I think it is extremely unlikely. I think you will find that the actual figure is between £1,150,000 and £1,200,000.

586. Very well; I do not want to press that matter any further. Turning now to B.T.C. 401, you will see Items 15 and 16: "Income from Other Activities", and "Interest and Miscellaneous Receipts". Would you look at the same time at Exhibit B.T.C. 101, which was put in at the last Inquiry. On B.T.C. 101, Item 19 shows "Other Income", does it not?—Yes.

587. Does that correspond with the figures against Items 15 and 16 in B.T.C. 401?—Yes.

588. Can you give in general terms an explanation for that very considerable decline between 1948, when it was £9.1m. and the estimate for "Y" Year of £5.0m?—Did you say 1948?

589. Yes; it is under "Other Income"—£9.1m. There has been a drop from that figure to £5.0m.—It is very largely a drop in the interest receipts.

590. Can you say what the drop in the interest receipts accounts for?

(President): There is a change from 1948 to 1951; is that what you are saying, Mr. Rippon?

(Mr. Rippon): There is a change from 1948, which is £9.4m., whereas in 1951 it is shown as £5.3m., and in "Y" Year as £5.0m.

(President): Of course, from 1948 to 1949 and from 1950 to 1951, you will get it from the Annual Reports.

(The Witness): Yes; I was just going to say that it is on page 224 of the Accounts for 1948, which fortunately

we have with us. You will find there that the interest and miscellaneous receipts item there is £3.3m., whereas the interest and miscellaneous receipts item in 1951 is £1.0m. As I have said, that accounts for the greatest part of the drop, and I think I explained yesterday that there were other minor drops elsewhere in the figure of "Income from Other Activities".

591. (Mr. Rippon) (to the Witness): I would also like you to explain in general terms the considerable increase in the item "Central administration expenses, including expenses of management of British Transport Stock", and "Common Services (Legal and Films)". That item in 1948 was £0.7m.; for 1951 it is shown as £1.4m., and in "Y" Year it is shown as £1.5. Can you explain in general terms why those administration expenses have more than doubled since 1948?—The size of the Commission's undertaking is very much larger; that is, I think, the first and most important part of the explanation. You will remember that in 1948 we had no Road Haulage undertaking, or rather, if we had, their administrative expenses were reflected in the accounts of the individual companies. It was not until 1948 that we acquired a complete interest in the Tilling Bus Companies group, and it was not until 1949 that we acquired a complete interest in the Scottish Motor Traction group. It was only in 1949 that the first phase of the compulsory acquisition under the 1947 Act got under way, and so on and so forth. There has been a considerable expansion of the undertaking, and I think you will be able to see that by looking at the changes in the gross earnings of the undertakings. I do not want my answer to be incomplete, so may I just add that there have been increases in salary levels since 1948, as many people will appreciate.

(President): And these figures appear year after year; I think it is in Table IV-7, if the numbering remains unchanged all through.

(The Witness): Yes, Sir, and I should also add, because this is a point which is sometimes taken against us—and I hope you will allow me to complete my explanation—that it is not fair to add the common services and compare that figure with 1948. At that time the common services were being paid for by the administrative activities, and the administrative staff concerned was reflected in the charges for those activities. The legal staff and the other services—or the individual people engaged upon those services—were being paid by the Executives for whom they were working. You cannot compare the figure of £1.5m. with the figure of £0.7m; they are not comparable.

592. (Mr. Rippon) (to the Witness): Thank you for that explanation; I understand that all this appears in the Reports, but I think it is useful to have it explained at this Inquiry. There is one other item I want to mention which we cannot get from the Reports; that is Item No. 23: "Special Items". For the year 1951 the figure for those special items is given as £0.1m. and the forecast for "Y" year is given as £1.0m. Are you able to explain that?—I think you will find that the special items of £0.1m. for 1951 in the published accounts are on page 35 of the financial and statistical abstract for 1951—Account IV-10. You will see that there is a figure there of £158,000—that is where you catch me out, because we ought to have rounded that up to £0.2m.!

593. But why is there an increase now to £1.0m? It is an increase from £0.2m., rounded up, to £1.0m. in "Y" year.—I thought we touched on this yesterday. It had gone down from a great deal more than £1.0m. in the previous year. There is a fortuitous temporary drop in 1951 because, as I was saying yesterday, of the cessation of the Freight Rebates Fund. There was a credit of half a million, which was a special item and which was included in the accounts in previous years. It is comparing it with 1951 which is misleading you.

(President): In the year before that it was £900,000, and in the year before that it was £0.5m., I am told, although I cannot see it at the moment. After all, Mr. Rippon, special items are special items, and you cannot make any prediction except that you can say that 1948 was exceptional in bringing them out at the figure shown.

594. (Mr. Rippon): If you please, Sir. (To the Witness): I would like you to refer now to the answer you gave to Question 37 on page 31 of the transcript of the Third Day. You said then: "When the fact or the probability of the wages increase of £18m. was realised,

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[Continued]

action followed almost at once, and in outline it took the following form. The results of each activity and the probable future results of such activity were subjected to a special review. This review was in addition to the normal running check which was kept, of course, on the results from month to month throughout the year. The desirability of still further economies where possible was pressed on all executives and managers. "Can you indicate what results have been achieved, apart from economies resulting from savings in operating costs—that is in the lower level of activity with which presumably Mr. Valentine will deal—in particular what has happened about economies in levels of administration?—It is not possible to put an identifiable figure on that. One is not in a position to knock a million pounds off the budget after a special review of this year. What was done, as I said in my evidence, was that the need for economy was impressed again on all the persons concerned, as indeed it has been impressed before. Incidentally, administrative economy is not perhaps the most important, if I may say so; there is the question of the mileage which is being run and the services being rendered, and there are a great many other questions.

595. But you did say, in answer to Question 71 on page 33 of the transcript: "We usually estimate that wages are about two-thirds of our total working expenses, and I would say that there are very few concerns up and down the country whose direct wages are such a high proportion of their total costs"—that represents quite a serious statement, does it not?—I think we misunderstand each other. When I am talking about administrative costs, I am not including the wages in that.

596. But previously, when you have been going to have economies in operation, staff is one of the items to which you would look first of all?—Do you mean the wages staff?

597. I mean the staff of the Commission as a whole, both administrative, clerical, technical and operating?—Yes—all the staff.

598. In the financial and statistical accounts for 1951 at page 174, Schedule VIII-2, the total of British Railways staff is shown as 605,696?—At the beginning of the year, yes.

599. Yes, and at the end of the year it is shown at 599,890?—Yes.

600. Do you consider that was quite a satisfactory fall?—It is certainly a fall.

601. I have taken the Tribunal's advice and I have invested half-a-crown on the Transport Statistics, 1952 Series, No. 13. If you will look at page 9, you will see that the total number of employees at the end of the period is shown as 601,381?—Yes.

602. In other words, the staff is beginning to rise again, in spite of economies in services and in spite of the appeal which you made to executives and managers for economy?—This includes the freight and all the other services of British Railways, of course.

603. Yes, but they are rising at a time when there is a lower level of activity on certain services, and we are told that the revenue from freight on British Railways declined in 1952?—Yes, but one would have to go into the matter in considerably more detail. You always notice, for example, that the rise is on the maintenance side. To some extent a great deal of that is related to capital construction and things of that sort; it is not related merely to the revenue account.

604. But you have, of course, I presume, gone into it in very great detail in preparing your budgets and in assessing the requirements for the future?—The changes in these accounts are drafted out every month and considered in detail.

605. And you feel that nothing can be done to reduce them further?—Something is being done the whole time, but it does depend to some extent on the tasks you are setting yourself at the moment.

(Mr. Rippon): But all the time the numbers of your staff are rising, whereas the extent of your activities is falling—

(Mr. Harold Willis): If you are going to make that general statement, Mr. Rippon, would you look at 1948. That shows a total staff of 648,000 at the beginning of the year.

(The Witness): There has been a great reduction in the staff of British Railways over the past few years.

606. (Mr. Rippon): I have no doubt that at a certain period an economy drive took place, and as I indicated, in 1951 the staff went on falling. What I am concerned with is the activities for 1952, when the tasks were falling and the staff is showing some increase?—Yes, and I have already pointed out that—

607. You attribute that increased staff to maintenance?—Yes—and capital works and things of that sort.

608. I cannot ask you to break down the whole of these figures, but I would like to ask you, if I might, to look at the position as far as administrative, technical and clerical staff is concerned, and headquarters, divisional and district inspectors. First of all, will you look at Schedule VIII-2 of the 1951 Report at page 174. The number of employees at the beginning of the year in these categories is as follows: 76,788 administrative and clerical, and 1,740 divisional inspectors?—Yes.

609. That makes a total of 78,528, if my arithmetic is correct?—I make it 78,728.

(President): This is going to be a very expensive way of arriving at the answer to an addition sum!

(The Witness): Yes, Sir, I agree; it is 78,528.

610. The corresponding figure for the end of 1951 is 78,744.

(President): Yes, that is correct.

(Mr. Rippon) (to the Witness): And the transport statistics show on page 9 that the figure is now 79,379?—Yes.

611. That is an increase, since the beginning of 1951, of 851?—Yes.

612. And these increases in your administrative staff are going on while your level of activities is falling, and while you are carrying out an economy drive?—Yes. It is sometimes necessary, you know, to increase your administrative staff, in order to find out what you are doing in sufficient detail, so as to carry out your services with efficiency and economy. For example, the costings services were not there before, and they are absolutely essential.

(President): And I should think some of them would be for preparing for this Inquiry!

613. (Mr. Rippon): That is quite likely, Sir. (To the Witness): There is one other set of figures, relating to the Road Haulage Executive, which I would like to put to you briefly; they are in the 1950 Report on page 370. There your administrative and clerical staff at the beginning of the year is shown as 10,441?—Yes.

614. At the end of the year it is shown as 11,445?—Yes.

615. The 1951 Report at page 176 shows a figure of 12,307?—Yes.

616. That is an increase of about 20 per cent., is it not?—Yes.

617. If you would look again now at the 1950 Report, at the position in relation to operating staff, you will see "Supervisory and Traffic Clerks".—Do you wish to single them out from the operating staff?

618. Under "Operating" you have "Supervisory and Traffic Clerks" on the one hand, and "Drivers, mates, van guards, loaders and yardmen" on the other.—I have not; they are all grouped together under "Operating".

619. But they are two distinct sections inside "Operating".—I should say four distinct sections.

620. There are two different classes made up of four different sections?—No.

(President): If we are all looking at the same documents, let us stop talking about classes or sections; if we have VIII-3 before us for the two years, you can ask questions about any figures you like. I gather you want to ask about the supervisory numbers.

621. (Mr. Rippon): Yes, Sir. (To the Witness): The first two items were 2,762 at that time?—Yes.

622. And at the end of the year the figure was 4,493?—Yes.

623. And at the end of 1951, 4,806?—Yes.

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[Continued]

624. I do not know what that is as a percentage increase, but it is fairly considerable: it is about 75 per cent., is it not?—I have not worked it out; it is obviously a considerable increase.

625. Then we come to "Drivers, mates, van guards, loaders and yardmen"; so far as they are concerned, the comparable figures for the beginning of 1950 are 42,320?—Yes.

626. For the end of that year, 46,100?—Yes.

627. And for the end of 1951, 48,152?—Yes.

628. Which is an increase of about 14 per cent. So you will see that there is a far higher percentage increase going on all the time in administrative, clerical, supervisory and traffic clerks than in drivers, mates, van guards, loaders and yardmen.

(Mr. Poole): You have not discovered yet in your new purchase, Mr. Rippon, that you have another year of these figures; it is on pages 10 and 11 of the statistical accounts for 1952.

629. (Mr. Rippon): Yes, Sir. (To the Witness): It shows an improvement in 1952?—Yes.

630. The administrative and clerical staff are now 11,390?—Yes.

631. The supervisory and traffic clerks are 4,601?—Yes.

632. The drivers, mates, van guards, loaders and yardmen have come down to 42,188?—Yes.

633. Comparing these figures with the beginning of 1950, you have now 11,390 administrative and clerical as against 10,441 at that time?—Yes.

634. That is comparing this column with the first column in the 1950 accounts?—Yes.

635. So they are 959 up for the period?—Yes.

636. And the supervisory and traffic clerks are now 4,601, as against 2,762?—Yes.

637. They are still up about 2,000?—Yes.

638. And I think the "Miscellaneous" figures have gone up as well. On the other hand, so far as drivers, mates, van guards, loaders and yardmen are concerned, the figure now is slightly less than it was at the beginning of 1950?—Yes.

639. It is 42,188 as against 42,351?—Yes.

640. In other words, you are still carrying what I call the administrative, clerical and technical staff at the rate of 3,000 above the figure that was thought sufficient to manage and supervise the same number—or slightly fewer—of operational staff in the beginning of 1950?—The position at the beginning of 1950 was that the organisation was only just beginning to get going. I do not think it would be fair to say that the people who happened to be there were thought to be sufficient for anything that was done at that time. It just so happened that that was the number of staff.

641. But the drivers, mates, loaders and yardmen were all working at that time, were they not?—Yes.

642. They were working possibly at a higher level of activity than they are now?—No, on the whole not—and that is really the point. At that time there was no organisation put in to make up the trunk roads and the general loadings which have since been instituted, and which, though they require more administrative staff, do produce considerable savings in the use of the vehicles. We gave some statistics on this in our Annual Report, and we made an interesting comparison on just this point in an explanation which was issued in the document called "British Transport: The Fourth Year". Unfortunately, I cannot lay my hands on that document at the moment, but it did show that, comparing the position in 1951 with the position earlier, there was an improvement in the ratio between managerial, administrative and clerical staff employed per motive unit and per 100 tons carried.

643. That may be per 100 tons carried, but not in relation to the staff?—No, the relationship is different. The more you become highly organised the more the relationship changes; one man who is running his own lorry does not need to have a clerk at all.

644. The increase in Road Haulage charges of £2½m. is only to cover increased costs, not to produced any more revenue?—Yes.

645. But the tendency is for the revenue from the Road Haulage Executive to raise?—No; on the contrary, there has been a general falling off in 1952 in general merchandise traffics both on the roads and on the railways.

646. That is what I am suggesting; my point is that you have slightly fewer drivers and yardmen as compared with the beginning of 1950—that is so, is it not?—Yes.

647. But you still have 3,000 more administrative technical and traffic clerks and supervisory staffs?—That is because of the events which, as I have explained, took place in 1950 and 1951. There was an enormous increase in the activity of British Road Services at the end of 1951 or at the beginning of 1952.

648. Do you hope it will be only temporary or do you expect now to see a reduction in the numbers of the supervisory staffs?—I am afraid that in the present circumstances I cannot possibly forecast what is likely to be happening.

649. But you can, in fact, ask: "Can a saving be made here?" or "Can a saving be made there?"—Yes.

650. This is only a very rough figure, but assume that these people get an average of just under £10 a week, that really means an increase over that period in your wage bill of about £1,500,000 in that aspect of your services alone which is not accounted for simply by increases in the general level of wages?—Yes; but the difference in the amount of traffic carried at the beginning of 1950 and the amount of traffic carried today—

651. Yes, they are falling now; would you expect to see a reduction in staff? Whatever the reason for the fall is—the increased number of "C" Licences or whatever it is—there is a fall, and do you not expect to see a consequent reduction in staff?—Now that the traffic is falling, it is due to the fall in general productivity—not to the increase in the number of "C" Licences at all, at any rate so far as 1952 is concerned. Now the traffics are falling, it is possible to obtain economies to a considerable extent in the operating staff, but to a much lesser extent in respect of the administrative staff—the overheads tend to remain, I am afraid. I say "tend to remain": I do not say "have remained".

652. I do not think I can press you to explain that any further; I do not think it is right to expect you to go into that aspect of the matter in more detail. We can draw our own conclusions in argument as to whether it is right or proper.—Perhaps you might like to refer to what has been said in the Annual Report and also to the publication "British Transport: The Fourth Year" before you draw too many conclusions.

653. I am obliged; that is in the 1951 Report?—Yes, the 1951 Report, and the other document is supplied with it, and is called "British Transport: The Fourth Year".

654. Now perhaps we can look briefly at the matter in relation to the London Transport staff; that is shown on page 173 of the 1951 Report, Schedule VIII—1, Summary of Staff. That shows an increase on London Transport staff of over 1,000 and I suppose the average earnings are 66 or 67 a year. That means an increase of £300,000 to £350,000 a year. Can you explain how that increase took place? Again I believe a decrease is shown in the 1952 Transport Statistics, No. 13, at pages 12 and 13?—That is a change of 1,000 on 100,000—1 per cent.

655. But it is a change of from £300,000 to £350,000. That means, when you add it all together, a considerable increase in the Wages Bill of the Commission which is not in any way accounted for simply by increases in salary scales.—As you have pointed out, this is an increase in the numbers of persons employed.

656. Again what I am rather concerned about is that in all these fluctuations—and they are slightly down now according to the latest figures for 1952—again administrative, technical and clerical staff shows a steady rise and then it stabilises; but again I think there is some reduction in the level of activity and economies in operating costs in which you take some pride?—Yes. But while we are on this subject surely the year 1950 which we were talking about a moment ago shows a decrease of 1,499.

657. In what year was that?—In 1950.

658. I wondered why there should be an increase in 1951 when presumably the economy drive was still going on. It appears that there was a tremendous drive to reduce staff at one period, and, that having ceased, there is a rise



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[Continued]

again?—Yes. Some of the reasons are changes in mileage and changes in the traffics being worked. If you want to get down to details of one person up in one year and one person down in another year, you will have to leave that to the other witness.

659. Yes, but the question in which you are concerned is the administrative and technical staff, and the 1950 Report on page 372 shows a figure of 5,111; that is in Schedule VIII—5. The number of administrative employees, etc., at the beginning of 1950 was 5,111; at the end of 1950 it was 5,210?—Yes.

660. And in the 1951 Report at page 178 the figure is 5,308 for the end of the year?—Yes.

661. And the figure now given in Transport Statistics, No. 13, 1952 Series, on page 13, is 5,303?—Yes.

662. So there has been, over the period, an increase of some 200?—Yes.

663. Taking those again at about £8 a week it would mean an increase of £80,000 on the Wage Bill simply on that department of administrative, technical and clerical staff?—Yes—but what economies were achieved by those particular people we do not know.

664. Now would you look at Question 73 and page 33 of the transcript; you are asked: "It comes to this that what you are saying to the Tribunal is that all these increases of costs are unavoidable?—Yes.—Do you also go so far as saying that you can do nothing about it?—No. As I said before, there is a constant endeavour to economise where possible, and to increase efficiency where it is possible. That is the role of good management. When wages rise or the cost of fuel rises, or electricity becomes dearer, or the rates go up without a warning, when supplies of all kinds rise in price or, for that matter, when the pattern of travel becomes still more difficult and costly to cater for, it is the duty of the Commission and their Executives, by dint of the art of good management, to procure the ameliorations which are possible by increasing the general efficiency of the undertaking and by making the best possible utilisation of the resources available. In that way we attempt, so far as possible, to offset the increases of cost which have been inflicted upon the system. I ought to add, of course, at once, that this is the duty of good management, not only in times of difficulty and rising prices, but all the time". What you mean by that is, that what is wanted in order to achieve these things is not good management but more management in your view—that is what it has come to. You are saying that in order to achieve good management we must have more management, and so our administrative and clerical and other staffs must go on rising.—If you will forgive me, I never said any such thing.

(President): That is really a matter of comment for your final speech, Mr. Rippon; you are saying "What it all comes to".

665. (Mr. Rippon): If you please, Sir. (To the Witness): There is one last aspect of the evidence which you have been giving and with which I would like to deal; it is relating to operational matters, I know, and I expect I shall be told that so far as detail is concerned, that is a matter for Mr. Valentine; but you did discuss it at some length. It is with regard to the traffic pattern and I think my friend Mr. Willis in his opening made some point about the economies that can be made and are being made in off-peak services?—Yes.

666. But those are necessarily limited because in any event you have to have the vehicles, the employees, the garaging, the maintenance and so forth?—Yes.

667. And it is true to say that it is the peak services which still dictate the level of expenditure?—In a very general sense, yes.

668. Is that not the reason why you attach so much importance to staggered hours?—Yes.

669. I think you told the Tribunal that unfortunately people like to go to work at the same time, or shop at the same time, and do other travelling at the same time?—Yes.

670. What I am putting to you is that if you want people to change their travel habits, you have got to give them some inducement to do so?—Yes.

671. I think reference was made to the diagram which appears on page 46 of the 1950 Report?—Yes.

672. And which indicates the peak at 7.30 and the peak at about 9 o'clock?—Yes.

673. It is your endeavour, is it not, to try and flatten the peak?—It would be a great advantage if it could be flattened, yes.

674. I have to put this to you because those who instruct me attach some importance to it: Would it help at all if early morning fares were extended up to 9 a.m.?—Mr. Valentine will deal with that in detail. The view is that it would not help.

675. It is a matter of policy. I can ask him the details as to why that conclusion has been reached, but that is the conclusion which the Commission has reached as a matter of policy, that it would not help?—That is so.

676. Have you any idea what would be the financial result of investigating that?—No.

677. No consideration has been given to the point—it has been raised so often by a number of Objectors—of what would be the financial result of such a thing?

(President): We spent some time on it at the last Inquiry.

678. (Mr. Rippon): Presumably it would have to be re-assessed.—I think you will find that Mr. Valentine, who dealt with it last time, will deal with it again.

679. I am putting it to you because I am instructed to ask you what would be the effect. I notice that on page 47 of the 1950 Report, the Commission say in paragraph 68: "The Tube passenger at 11 o'clock in the morning is prepared to pay the same fare as the passenger who travelled at 9 o'clock, partly because he does not want a scheme of fares which varies in a confusing fashion, but mainly because he knows that his role may well be reversed on future occasions. There is, in a sense, a social contract between all those who use the services, to average out the cost over periods of time and flows of traffic". Is that the view which is still held?—Yes. The point we were trying to make there, I imagine, was that it is really not possible, nor does the passenger desire it, to have a system of fares which varies too greatly between the hours of the day or the types of service rendered. He becomes completely confused.

680. It is really a sort of economic aspect of social man in his travelling capacity, this idea of the social contract. What I am really suggesting to you is that in the case of the docker who lives in West Ham who wants to travel back to have his lunch at mid-day, if a thought like that was to occur to him, he would go and see a psychiatrist—people do not think like that. I do not want to be offensive about the Report—I can see it is an attempt at rationalisation of human behaviour, but in point of fact a man who wants to travel at mid-day for some special purpose would not think: Ah well, I may be travelling at 9 o'clock tomorrow morning, so that averages out?—The individual man probably would not.

681. And it certainly would not apply, would it, to a housewife or someone who wanted to shop at a greater distance from their home or wanted to go to the theatre or engage in some other sort of optional travel? It would not apply to her in any event?—She has probably never heard of the social contract.

682. What I am suggesting to you is that the best hope of reducing the peak at 9 o'clock, which is your best hope really of reducing operational costs, is to try and induce people to travel after 9 a.m. and particularly between 10 o'clock and 4 o'clock in the afternoon, or in the evening to the theatres. Does not the Commission share that view?—Yes, but which people who are filling up the buses and Tubes travelling to work at 9 o'clock would be able to shift the hour of their journey to 11.30?

683. What I am saying is this, that if someone who lives in the suburbs wants to go shopping in London and the position is that the cheap day fare is the same all the day, they are likely to travel much earlier than they would if by waiting they could get a cheaper concessional fare, and also they are likely to stay later in London?—Yes, but that would make the peak worse, would it not?

684. If they stay later in the evening, when the peak is worse?—If you mean by "stay later," stay until 6 o'clock.

685. You have to induce them to return by, let us say, 4.30 or 5 o'clock?



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(President): Are you suggesting reducing the peaks, or filling up the valleys?

(Mr. Rippon): I am suggesting, Sir, that by filling up the valleys you would reduce the peaks.

(President): Evening out?

686. (Mr. Rippon): Evening out, because, quite apart from any argument which may be advanced about "Well, we should lose some people in the valleys who now pay the full fare, because of the social contract, and we might show a loss in net revenue", which has always been the argument advanced, would not the great advantage of reducing the peaks be that it would enable you to reduce operational costs?—Yes, but if people are all going to travel at a lower rate of charge in the valleys, we shall have to make a higher rate of charge in the peaks, very probably; except so far as that is offset, as you have just mentioned, by some reduction in the total cost of the services, because they are spread more evenly over the day. That is a very difficult calculation, in fact it is not a calculation at all.

687. Is the Commission's view still the same as expressed in paragraphs 86 and 87 of Statement B.T.C. 1, which was issued on the occasion of the last Inquiry?

(Mr. Harold Willis): What page is that?

(Mr. Rippon): It is page 18 in the brown book.

688. (President): Have you go it, Sir Reginald?—Yes thank you, Sir.

689. (Mr. Rippon): Is the Commission's view still that: "such concessional charges are only justifiable on commercial grounds, and that they should therefore be introduced and retained only if, in the opinion of the Commission, they will attract additional traffic in sufficient volume to produce to the Commission more net revenue than would accrue without them. In estimating whether this is the likely effect of any concessional charge, account has, of course, to be taken of the loss of revenue from any existing traffic which would benefit by the concession, and of any additional operating costs involved in carrying the additional traffic induced"—Yes.

690. That is really the point you were making just now about the difficulty of the calculation?—Yes. It has been suggested, of course, that one of the easiest ways of flattening out the peaks is to make an extra charge during the peak hours, but that is probably not a very practical proposition.

691. I would prefer not to pursue that point. Is it still the Commission's policy that: "In any case in which a type of concessional charge of limited application satisfies this commercial test, the Commission would regard its introduction as a legitimate and desirable exception both to the principle of equal treatment for all passengers travelling like distances at any given time of day, and to the principle of assimilation of charges on all forms of transport in the London Area established by the 1950 Scheme. Such a concession is not only an advantage to the passengers who use it. In so far as it increases the net revenue of the Commission, it reduces in the long run the total revenue required from other traffic and tends to keep other charges down." That is still your policy, is it not?—Yes.

692. As you say, it is very difficult to make a calculation?—Yes.

693. Is not the only way to find out whether such a charge would be successful, to experiment?—No, that is not the only way. There has accumulated a vast fund of knowledge which cannot be expressed in statistical form, but the experts who are watching this the whole time have this fund of knowledge, and that knowledge can be used.

694. You have just told me that it is not available, that you could not tell how many people who were travelling to work at 9 o'clock because there was no concession, would change, or how many housewives, who go up to London at 9 o'clock, would go up at 10.30 if there was a concessional fare. Now you are saying you have a great mass of information on those sort of points?—Not statistical information—I said "knowledge" I did not say "information".

695. What form does that knowledge take?—Watching the loadings on the individual routes and the services day by day; knowing the patterns of the traffic in detail.

696. But how can you do that? That is, in effect, statistical information, is it not?—No.

697. You are presumably watching what happens at certain points and saying: "Those look like ten people who are travelling up to work at 9 o'clock, and they will do so anyway; I can only see two housewives with shopping baskets who might be induced to go up at 10.30"—But it does not follow that that can all be worked up into a coherent set of statistics.

698. Even that observation will not tell you how many people there are shopping locally, simply because there is no concessional fare between 10.30 and 4.30, and who have therefore ceased to come to London altogether?—No.

699. There is no mass of knowledge on that aspect of the problem, is there—I think there is a considerable knowledge on it, because they are in close touch with the traveller, and know what he is thinking and they know what he is likely to do. There is no information, in a statistical way of doing it.

700. Really the only way by which it could be satisfactorily proved would be for the Commission to experiment in concessional fares, let us say on a particular line over a particular period. That is the only way, is it not?—The only way to prove it in the strict sense of the word "prove", yes.

701. Is it not rather important for the travelling public that some experiments on those lines should now be made in view of the fact that at Inquiry after Inquiry Objectors have said: "This is really what we want"—Objectors who, of course, represent large numbers of the travelling public? It is difficult to quantify how many people's opinions have actually been expressed, but there is a mass of knowledge, like your knowledge, not capable of statistical explanation, which nevertheless has been acquired over a period of years and which tends to show that one of the great needs of the travelling public in the area of the local authorities we represent—

(President): That sounds to me as if it will have some difficulty in resolving itself into a question. Do you mean that there is a mass of knowledge to the effect that a large number of people would like to be able to travel cheaply in the middle of the day, or does it mean that there is a mass of knowledge to the effect that a large number of people would like to be able to travel cheaply in the middle of the day and believe that that would be financially to the advantage of the Commission?

(Mr. Rippon): I feel that it is equally as impressive an accumulation of knowledge as that which can be advanced by Sir Reginald from his observations.

(The Witness): Perhaps I ought to make this quite clear, that I am not advancing it from my own observations; it is built up from the observations of all the people who are working the services.

(Adjourned for a short time.)

702. (Mr. Rippon): During the lunch adjournment, Sir Reginald, I have been looking at one small item in the mass of information available to the Commission in respect of casual fares. I would ask you to look at table 16, on page 32 of the London Travel Survey of 1949.—Yes.

703. I don't want to take you through it in detail, because I imagine that can be dealt with in detail by Mr. Valentine, is that not right?—Yes.

704. But you will see the total figures of all persons making casual journeys on public transport during three days: casual journeys 23 per cent., no casual journeys 77 per cent., and the persons in the sub-sample were 1,182.—On page 16, did you say?

705. On page 32, table 16.—Yes.

706. It shows a figure of 77 per cent. of the persons who were sampled making no casual journeys on public transport during the period of the survey?—Yes.

707. That is a very high percentage, is it not?

(President): It is 23 per cent.

708. (Mr. Rippon): It is 77 per cent. 77 per cent. made no casual journeys. And that will have tended to rise, will it not, since the increase in fares at the last

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[Continued]

Inquiry and at the 1950 Inquiry? Do you know, has any further information been obtained on this point, any similar survey made?—No similar survey has been made.

709. But the inference would be that in the absence of any statistical survey the number of people not making casual journeys tends to increase all the time, as you increase the level of fares?—I think it is possible that the number of people not making casual journeys is increasing, but it doesn't mean that it is to be attributed entirely to the increase in fare levels. As I said yesterday, there have been considerable changes in the pattern of people's living.

710. There have been considerable changes in the pattern of people's spending on transport?—No, but there has been a considerable change in the pattern of their spending on other things.

711. But the point is that they are still spending as much on transport. They want to travel and they have to do so, but they are not travelling by the facilities offered by the British Transport Commission, because they are too expensive or they have taken to cars, or some other reason. That is so, is it not?—Certainly. Petrol derationing was obviously a very important factor.

712. We want to be careful in saying that the pattern of people's spending has changed with the implication that they are spending less on transport.—I was thinking mainly of a much greater variety of goods available in the shops and so on.

713. But apart from that, the inference would be that as fares go up, people who even in 1949 were not making casual journeys would have no special inducement now to change their travelling habits?—No, I don't think that an increase of fares is, in the ordinary way, likely to increase the amount of travel.

714. It is obvious that there is a large untapped source of revenue available to the Commission if they could induce people to make casual journeys shopping and going to the theatre and so on, on the facilities offered by the Commission, is it not so?—Not if you regard 77 per cent. as a high percentage. It only leaves 23 per cent., which must be regarded as a small percentage, if the 23 per cent. provides the untapped reserve.

715. You would want to induce the 23 per cent. to make more and the 77 per cent. to make some?—Certainly.

716. But no experiments have been carried out to see how or if that can be done?—Not in the last few years.

717. So then, it is true to say that at the moment, broadly speaking, the policy of the Commission is to pass any additional costs on to the existing travelling public, regardless of any further loss of travel it may incur, and without making any effort to raise the additional revenue by securing a higher level of activity?—No.

718. If that is not true, what is true? What is the policy of the Commission, broadly?—You read that this morning from the exhibits produced last time, and I agreed with you that it is still the policy of the British Transport Commission. I don't think I can set it out in any better form or shape at this moment.

719. I cannot, I am afraid, recall exactly where it appears in the 1950 Report, but I well recall a statement made then to the effect that it would have to be higher fares and a lower level of activity. That was the approach.

(President): We must have a question, Mr. Rippon. You are cross-examining at the moment.

720. (Mr. Rippon): I have the page now. Page 49 of the 1950 Report: "If the public cannot afford to pay for services of a given quantity and quality at the appropriate level of cost, then the quantity and quality of the

services offered must be decreased and the budgets must be balanced at higher fares and a slightly lower level of activity." I suggest that that is still the policy of the Commission—higher fares and a lower level of activity?—It was not a statement of policy of the Commission but a statement of the hard facts of life. We did not say there were to be no differences in the ranges of fares, or complete uniformity over the whole field. All that it means, which I should have thought was quite clear on the face of it, is that people cannot have what they cannot afford.

721. You don't think it is any good the Transport Commission changing its attitude into lower fares and a higher level of activity?—If the lower fares induce the necessary increase in travel?

722. In net revenue?—Yes, a sufficient increase in travel to produce the net revenue.

723. There's only one final point, Sir Reginald. In relation to the statement of policy made on behalf of the Commission by my learned friend, Mr. Willis, on the third day, page 25, the right-hand column, which deals with the policy of the Commission in regard to the intervention of the Government in respect of sub-standard fares?—Yes.

724. The statement has been made that the Commission won't increase these for a period of at least a year?—Yes.

725. But the view is still taken that it would be right and equitable for them to be raised. I don't want to read it all out—I hope that is a fair summary. You won't raise them for twelve months unless some abnormal increase in costs makes it necessary, but you still take the view that they are inequitable?—The Commission still takes the view that the disparity between the subnormal fares and the ordinary fares, where that disparity has no commercial justification, ought to be removed in the interests of those who are paying a higher level of fares.

726. An unfair burden on the ordinary traveller?—Yes.

727. If those sub-standard fares were raised now it would enable a reduction to be made to the extent of £1.2m. in the proposed fare increases we are considering now?—Yes.

728. I have no doubt you gave consideration to this policy. Can you indicate at all where you think the saving would have come, assuming the £1.2m. had been secured by raising the sub-standard. Where would that reduction have been made? Where would you have been able to reduce the proposed fare increases before us now?—That was not—so far as I am aware—considered.

729. Has any approach been made to the Government to find out what attitude they would in fact adopt in the light of changing circumstances to the raising of these sub-standard fares to the ordinary level?

(President): The Government have announced that they don't propose to take any action until they have seen the result of this Inquiry. The Scheme, as it stands, doesn't prohibit the Commission from dealing with the sub-standard fares.

730. (Mr. Rippon): That is what I am suggesting. Since they are thinking of a stand-still for twelve months, that if it were agreed it would be desirable for these sub-standards to be raised that would be taken account of and the Commission told to raise the sub-standards and take £1.2m. off the present increases. That would cause you no anxiety, Sir Reginald, would it, from the Commission's point of view, apart from the fear that the Government might intervene for a second time?—I think I will say Yes to that.

731. Thank you.

Cross-examined by Mr. MORRISH.

732. I am very much indebted to the Learned Counsel and the Tribunal for an opportunity to cross-examine at this stage. Sir Reginald, you were about to inform the Tribunal and the objectors that the increased fuel charges had brought about a higher charge to the Commission in respect of £5½m. a year.—For the Commission as a whole, yes.

733. Can you tell me what is the total amount paid, first by the Commission as a whole and then by the London Transport Executive?—There is a figure running in my mind of about £20m., but perhaps I had better have that checked and let you know later.

734. Thank you. That would be quite convenient. In answer to earlier questions with regard to the increased interest charges, you told us that this is due to the fact that new money has been received. You have increased your capital, I believe?—Yes.

735. And the net increase in your liability was £60m.—the other £60m. was used for redeeming certain stock. Am I correct?—Yes.

736. Would you indicate where I can find in the accounts of the Commission a corresponding increase in the assets

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of the Commission, since you have increased your liabilities by £60m.—You will find it mainly in the book values of the capital assets. The addition to the book headings of Rolling Stock, etc., has increased each year.

737. The increase of £60m. took place between the accounts which have already been published for 1951 and those shortly to appear for 1952, I presume?—Yes.

738. Do you anticipate that you will be able to find something in the region of £60m. increased assets under the sections relating to rolling stock, etc.?—I have not the figure with me, but it might be sufficient if I told you what is in my mind. I think you will probably find an increase of something over £20m. There will be withdrawals for things like Pensions Fund, etc. You will find the pattern of what has happened in 1952 very much like what happened in 1951. The 1951 Report will explain it, I think.

739. I think we might be able to see some of the picture from diagram 18 on page 67 of the 1951 Report, to which some reference has already been made?—Yes.

740. That shows a quite rapid reduction in the liquid assets of the Commission, and I would like you to help me here a little. Am I to understand that all the accumulated deficits are having the effect of reducing the liquid assets of the Commission?—Yes, the accumulated deficit of £39½m. is bound to have reduced the liquid resources of the Commission.

741. So that one of the reasons for the Commission needing to raise new capital in the course of 1952 is because of the deficits which have been carried forward from year to year?—No, there was no deficit in 1952.

742. No, I said one of the reasons for finding new capital in 1952 was because of the accumulated deficits in previous years.—No, I think it was probably that accumulated deficits were financed in the first place out of liquid funds which existed when the Commission started business.

743. And by reducing the assets of the Commission to the very low figure of £40m. it was certainly one of the things which necessitated raising new capital?—Certainly—all these things work themselves out. They are bound to. If it makes it clearer, we should have been £40m. better off and probably might have borrowed that amount less, if we had not had the deficits.

744. That is what I was getting at, Sir Reginald. That £40m. out of the £60m. was in the main because of the £40m. accumulated deficit?—No, not £40m. out of £60m. It is the sum of £40m. which bulks in the general financial explanation of what has happened to the liquid resources of the Commission which made it necessary to borrow £120m. in the last few years.

745. When the Commission was deciding, as a matter of policy, on the amount of new stock to issue, surely they had regard to the current position of liquid assets of the Commission?—That, plus what we expected to have to expend in the next two or three years, and deficits did not come into it.

746. So the effect of the last £60m. was to increase the liquid assets of the Commission from roughly £40m. to roughly £100m.—That is not the last £60m. we borrowed, but the £60m. at the end of 1951.

747. And when you were determining in 1951 the amount of stock that you were going to find, you had regard to the low state of the liquid assets of the Commission?—Yes.

748. Had your liquid funds been £40m. higher, it is on the cards that you would have made it £40m. less?—I was just thinking that we did not really seek £60m.

749. Your diagram 18 indicates that pretty clearly.—No, it indicates that we got £60m.

750. What did you seek then?—If you will forgive me. I don't think we ought to go into that.

751. So for our purposes we must stick at £60m.?—That was what we got.

752. Would it not be true to say that one of the purposes of the new liability the commission is incurring in issuing this new stock is to meet the interest charges, which you are called upon to meet as part of your year's working from year to year?—May I just get that clear. Was your

question that since the deficit would not have been there if there had been no interest, we are, in fact, borrowing to pay the interest?

753. Quite.—That is rather a far cry, I should have thought, I think all one can say is—if the deficit had not been there, borrowing would have had to be less. And if our costs had been lower we might not have had the deficits. But the interest, as far as we are concerned, is a cost.

754. We had some exchange on that when we last met, but it seems as if we are thinking along similar lines at the present time. The question I would next like to put to you, Sir Reginald, is in relation to the decline in receipts from road haulage. I am not sure at the moment that I understood your answer to one of the Counsel earlier on, quite correctly. I would like you to turn to B.T.C. 401, line 13, and I believe the answer you gave was that the decline there from £13.7m. to £11m. was in the main accentuated by the decline you were anticipating in receipts from road haulage?—The net traffic receipts of road haulage.

755. Did I understand you correctly to say that even leaving out of account any possible changes in legislation you would still anticipate no net traffic receipts in "Y" Year from that source?—Yes. There is naturally already a considerable disturbance.

756. Because of the effect of the foregoing legislation or apart from any such considerations at all?—The effect of the general situation during the last twelve months.

757. How would you reconcile that rather dubious answer which you gave to that question with paragraph 6 of B.T.C. 4, for which I presume, as Comptroller of the Commission, you take responsibility. If I can read from that document:—"The forecasts disregard changes which may occur in the organisation and scope of the Commission's undertaking as a result of the Transport Bill now before Parliament. In particular, no provision has been made for revenue losses likely to be incurred during the period of disintegration of the Road Haulage undertaking, in excess of the £1m. for which provision is made in the Bill, or for the effect on railway operations of increased road competition." Am I reading this correctly—that that will mean to say that there will be an actual loss to the Commission as a result of the Transport Bill becoming an Act, if that eventually comes to pass?—It does seem possible to us that revenue losses are likely to be incurred if there is a period of disintegration of the Road Haulage undertaking.

758. So in saying there will be no net revenue from Road Haulage in "Y" Year, you have disregarded the Bill that was before Parliament, but in the event of the Bill becoming an Act then lack of net receipts will, in actual fact, turn into a loss?—That seems conceivable, yes.

759. When you say it seems conceivable, can you not go a little further?—No, because I really have no idea what is going to happen. We don't know what the period or re-organisation or disintegration will be.

(President): We don't know what will be in the Act, for one thing. We know what was in the Bill—up to last night.

760. (Mr. Morrish): That is quite true, Sir. But the Commission themselves have seen fit to include paragraph 6 in B.T.C. 4, and drawn the attention of the Tribunal—and, of course, the objectors—to the effect that their own forecasts disregard changes which may occur. I am replying upon that phrase—disregard changes which may occur. But Sir Reginald has agreed, as I understood it, that in the event of changes occurring along the lines of the Bill there will be some loss to the Commission.—I did not go quite so far as that. It depends entirely how the process is carried out. I really cannot say what the result is likely to be. I think it was proper that we should add a note to our figures pointing out that there would be a loss in certain circumstances and that such loss has not been provided for, except in so far as £1m. is provided in the Bill.

761. That is not what you say in B.T.C. 4. Can we again look at paragraph 6? That sentence which begins, "in particular, no provision has been made for revenue losses likely to be incurred." Why do you say that and then refuse to agree with me that revenue losses are likely to be incurred in the event of the Bill becoming an Act



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in something like its present form?—The Bill has undergone changes in the last few days—or, at least, it is undergoing changes. An amendment has been put down, at any rate.

762. I would like a bit more clarity on the question of off-peak travel, which was touched on this morning. We were referred to table No. 4 of page 46 of the 1950 Report. I would like to ask you whether there is a more up-to-date version of that document than the one provided there?—I don't think so.

763. Will you be able to tell us roughly whether the "seats empty" are much the same as they appear there, at the present time, or is there likely to have been much change?

(President): That is not a question for him. You had better keep that for the commercial witness.

764. (Mr. Morris): Very well, Sir. (To the Witness): Still on this particular question of peak travel, I understood you to say in answer to a question that the operating costs are higher during peak hours. Did you really mean to put it in that way? Presumably that would be the operating cost per passenger mile, as we would normally understand it, but if that was your intention I find myself unable to understand that, so I am asking you whether you would re-state it a little more clearly?—Would you give me the reference?

765. It was said this morning, so it is not in the transcript yet. You did make a very definite statement to that effect.—I am sorry, but I do not recollect saying that.

766. Let us hope you did not, because in that case we will not be in any difficulty. As I understand it, would it not be true to say that because of your peak which appears on that diagram representing the very heavy traffic for which you have to cater at those two periods, your capital expenditure has to be on a higher level than your operating costs; is that not the position?—It is not only the physical apparatus which is expanded as a result of the peaks; it is staff and generally the whole size of the organisation which is thereby expanded.

767. Yes, I understand that, but of course so is your revenue very much increased during those peak periods?—Yes.

Cross-examined by Mr. TURNER-SAMUELS.

774. By now most of the points have been covered, and I will try to keep my cross-examination down to what has not been covered. There is one point on the question of cheap day fares. I understand that the position is that the amount a passenger pays for travel at peak hours does not cover the cost of transporting him?—That is the converse of the proposition which was put a moment ago. I must say once again that it all depends on how you allocate the joint costs.

775. On the way you allocate the joint costs, or would allocate the joint costs?—I am afraid we do not.

776. Because you have suggested that a substantial part of the cost of running your undertaking is due to the very high peaks at the beginning and end of the day?—Yes.

777. If you drove people, by one method or another, off the high peaks into the valleys, you would in fact be saving to yourself in two ways, would you not? First of all you would be reducing this extra burden as a result of the high peaks, and secondly you would be getting extra revenue in the valleys?—Yes.

778. So you would get a double benefit. In deciding whether it is worth while as a matter of policy to ask people to travel during the valleys, one has to bear in mind both those factors?—Yes.

779. You told us—it was Question 63 on what I think is known as the Third Day—that the cost of running the buses during the valleys—yoh had better have this in front of you.—Yes, I have it now.

780. You suggested that the cost of running buses during the peak periods was not substantially more than the cost of the petrol and the tyres?—That would be so, assuming that the crews were crews that had to be employed in the peaks and had not been put off during the off-peak periods.

781. And therefore travel to you during the valley periods, until it becomes so substantial that it requires extra services—until that point is reached—is particularly

768. May I perhaps then put the question to you again, in order that you can put it a little more clearly: What is the comparison between the operating costs per passenger mile during the peak period and the off-peak period?—That depends how you allocate the operating costs, whether you allocate the whole of the extra equipment and the extra staff against the peaks.

769. You allocate them in your way and give me the answer on that basis.—I am afraid I cannot give it to you.

770. So you do not wish to help us any more as to the allocation of the costs between the peak and the off-peak period?—I very much wish to help you, but I do not think it is a calculation which is possible.

771. Very well then, we shall have to try to do it ourselves in our own way. You will have heard in the opening statement by Counsel for the Commission an assurance which was given that in the event of the present Charges Scheme being adopted, the Commission would not seek to increase sub-standard fares over and above the general level of increase on standard fares. That, as I understand it, represents the policy of the Commission in the event of this Charges Scheme being adopted?—For a period of one year, yes, provided there is no fundamental change in the circumstances.

772. Can you tell me if any policy has been adopted by the Commission as yet with regard to the shift-pass which was in dispute last time when a Public Inquiry was held into the previous Scheme? Is the Commission intending to give a similar assurance in regard to the shift-pass?—I am sorry, but I should have to check back before I could answer that.

773. Shall we wait now for the answer, because this is almost my last point, and I am not quite easy about it?

(Mr. Harold Willis): The shift workers' facility is part of the sub-standard at the moment, and the assurance which I did give covered the retention during that one year of the shift workers' facility at present being enjoyed.

(Mr. Morris): Thank you. That meets the point I had on that completely. That is all I have to ask. Thank you, Sir Reginald.

remunerative?—Yes. The extra travel, I think you said—the extra travel which would be induced.

782. The extra travel in the valley periods is particularly remunerative?—Yes.

783. If that extra travel is also travel that is drawn away from the peaks, it is doubly remunerative; there is an invisible remuneration, as it were?—Yes. I am assuming of course that there is not a big sacrifice in the fares that are being charged, so that the peak man is paying a different fare; if he then moves to the valley and pays half fare, then you have lost half the revenue which you were deriving from him before, so that that would have to be taken into account.

784. But it does mean that if you take into account both the visible and invisible remuneration as a result of attracting valley travel, you can afford to reduce the price of travel during the off-peak hours to a certain extent?—If the balance of advantage is that way, yes.

785. What there is an issue about, of course, is the figure of the reduction which you would be able, in broad terms, to afford?—Yes, as compared with the amount of additional revenue that you would receive.

786. I can understand that if the cheap mid-day fares, shall we call them, were at a quarter of the standard rate, you would be involved in a heavy loss?—Yes.

787. At what reduction do you think the gains and losses for a cheap mid-day ticket would balance out, so that in fact it made no difference to your revenue?—We think that the balance would be the other way. We think that there would be a net loss on balance.

788. Whatever the reduction?—Whatever the reduction.

789. That is rather contrary to what you said two or three questions ago, when you agreed that it was the matter of the quantum of the reduction that was important?—Yes. I thought you were discussing a general proposition at that point, and that we had now moved to the particular proposition of London Transport.



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790. That is right. Are you saying that if there was a 5 per cent. reduction for mid-day travel, there would be an overall loss to the Commission?—Yes.

791. Taking into account the fact that extra travel would be attracted to the valley periods, or do you not accept that proposition?—There might be a little extra travel attracted to the valley periods, but you would lose the 5 per cent. on all the travel that is already going on during the valley period, and it is a considerable amount of travel, and you would lose the 5 per cent. on the people who are now travelling in the peak, if they transferred to the valley.

792. Have you ever endeavoured to estimate how many people would be attracted to off-peak travel if you made a reduction in your mid-day rates of, say, 5 per cent., 10 per cent. or 20 per cent.?—Not specifically.

793. If you have not done it specifically, what have you done?—The position is kept under examination. It is not thought that there would be sufficient new traffic attracted in the valley period.

794. What has been kept under examination? What have you examined?

(President): I do not know how you are going to decrease a very large number of the fares by 5 per cent., in view of the state of our coinage.

795. (Mr. Turner-Samuels): It may not be easy to do it by 5 per cent., but by 10 per cent. or 20 per cent. it certainly would. At the moment I am seeking to elicit what sort of inquiries into this kind of thing the British Transport Commission has made. It may be that they have made inquiries and found, for the very reason you have suggested, that the thing is not practicable, but they have not suggested that so far. (To the Witness): I was asking you what was the nature of the inquiries that you made, or the investigations?—The matter is kept constantly under review by the commercial experts concerned. I think Mr. Valentine would be able to take you into further detail on this matter, if that is what you wish?

796. Yes, I do wish to go into detail. I gather that what you are saying is that so far as you are concerned, the matter is investigated from time to time and you do not know the nature of the investigations?—I said it was kept under review.

797. Well, under review.—We do know that the matter is kept under review and we know what sort of review it is kept under. We know the names of the people who are keeping it under review.

798. Will you tell me what sort of review it is kept under?—I would suggest, if I may, that you ask Mr. Valentine, because he is one of the people who keeps it under review.

799. You cannot help at all? You merely learned from some one else that it has been kept under review?

(President): If you are told that there is a witness coming who has been doing whatever has been done on this topic, had you not better pass from it?

(Mr. Turner-Samuels): It is a question of policy. I want to know what is the policy of the British Transport Commission. If they say that they have a review made and the information is given to them that the matter is not practicable, then I am prepared to leave it at that. If the British Transport Commission itself decides that the matter is not practicable on information supplied to it, then I desire to probe the matter. It is just as to that that I am eliciting this information.

(President): Then had you not better probe it with the person who can, as it were, feel the probe?

(Mr. Turner-Samuels): No, I am seeking to probe it with the person who would seem to be responsible for policy. It may be that some one else supplies him with certain facts, but I want to know whether he makes the policy or whether some one else makes the policy on the investigations that that other person has made.

(President): I think we shall waste a little time, but I cannot stop you. Go on.

(Mr. Turner-Samuels): I should be obliged, as you are suggesting that I am wasting time—

(President): I said I think we shall waste time.

18755

(Mr. Turner-Samuels): —if you will tell me in what way the Tribunal thinks that time is being wasted in the investigation of this point?

(President): I think you are wasting time if you insist upon asking Sir Reginald questions which, in my view, would be better addressed to Mr. Valentine.

(Mr. Turner-Samuels): I would like to know what your view is on what should be addressed to Mr. Valentine, because I want, so far as I am able, to comply with the wishes of the Court.

(President): You must not put questions to me, but you can take it from me that I think you are wasting time in putting this class of question to Sir Reginald when you have been told that Mr. Valentine is going into the witness box.

800. (Mr. Turner-Samuels): Can you tell me this, Sir Reginald: Does Mr. Valentine come to you, as it were, and say: "We cannot do this because it will not mean any increased yield, or will not cut costs", or does he bring you figures on which you decide that, because it will not increase the yield or decrease costs, the proposition that there should be cheap day fares is not accepted?—We are now getting into the inner workings of the Commission and the Executive. I think perhaps I ought to say no more than this, that the matter is discussed between the Commission and the Executive. There are frequent meetings between the Commission and the Executive. Matters of all kinds are discussed at those meetings. There is no question of one man coming to some other man. One of the matters which does get discussed at those meetings, or which could be discussed at those meetings—which in fact has been discussed at those meetings—is this question of cheap mid-day fares, and the probable results of them.

801. So that you yourself are familiar with the investigations and the results of the investigations in this matter?—I am acquainted with the informed views which have been put before us and which have been accepted by the British Transport Commission and which Mr. Valentine will explain to you.

802. All I want to know is this: Have you had informed views as to what the position would be if there was a reduction, say, of 5 per cent., 10 per cent., or 20 per cent. in mid-day fares?—As I said before, there have been no calculations on specific quantities of that kind.

803. That is what I wanted from you, thank you. If I may now turn to another matter, I think you accept the proposition that the market outside London can bear no more than you are now asking for, as things are at the present?—That is not what I said.

804. In what respect is that not true?—I said that in the case of branch lines and cross-country trains, for example, the costs were high for a variety of reasons, which seemed to make it unnecessary and indeed impossible to ask the customers to pay the cost of those particular services. I did not go into the question of what the market was.

805. Looking at the picture overall as best one can, do you think the market outside London can bear more?—There is no such thing as a homogeneous market outside London.

806. My learned friend Mr. Willis, in opening, at page 27 in the second column, at the end of the fifth paragraph, said to the Tribunal: "You will be told in evidence, Sir, that from the commercial point of view it is considered that we are seeking by the Scheme all that at the present juncture is practicable".—Yes, that evidence will be given by the commercial witness.

807. He is the man to deal with it, is he? Very well. We were told a very similar thing last time; we were told that as much was being raised outside London as was commercially practicable. That is correct, is it not?—Yes.

808. I do not know whether you can help on this or not: Do you consider whether it is commercially practicable to raise such and such a sum from a certain area outside London and inside London, or is that based entirely on the calculations of the commercial men?—These matters are not based on calculations of what you think you can or ought to raise. When you are deciding whether a certain fare could, with advantage to the net revenue, be raised, or could, with advantage to the net revenue, be lowered, there are scores of commercial

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passenger representatives up and down the country who are asked for their views. They are called to conferences. There is a tremendous amount of—I must not call it investigation, but a tremendous discussion about the whole thing.

809. Then I shall leave that to the commercial witness?—If you would, yes.

810. Have you any policy as to the maximum percentage of earnings which, in your view, ought to be paid out in fares? You may know that in the past it has been suggested that the maximum spent on rent by a person should not be more than 5 per cent. or 6 per cent. of their earnings?—No, I have formed no view on that at all.

811. Is it your view that the margin of personal incomes during the next 12 months will increase, decrease or stay more or less as it is—or again, is this not a matter for you?

812. (*Mr. Harold Willis*): I shall not be calling a special witness who will have any better opportunity of dealing with this than Sir Reginald.—I should like to give a reply which would not appear to be flippant, or which would involve me with higher authority. It does depend, does it not, very much on what happens in the Budget.

813. (*Mr. Turner-Samuels*): All I want to know is whether you have considered—or, shall I put it, has the Commission considered—whether in presenting this Scheme they should do so on the basis that the margin of personal incomes will remain as it is, or will increase or decrease, or whether, maybe, they have not considered the point at all?—We are always conscious of these points.

814. To be conscious of them and to consider them, are two different matters.—Not for me.

815. So you have considered the point?—I do not want to embark upon a disquisition, Mr. Turner-Samuels, but if we assume, as we have done in the figures, that there is to be no rise in costs, no rise in prices, we are assuming that inflation has been brought to a halt. The counterpart of that is that one is assuming that wage levels remain the same and taxes do not go up; then the margin of personal spending, presumably, would be about the same, unless they find some other outlet for their expenditure. On the other hand, if I may just finish because we do consider these matters, if changes are made which mean that they have to spend more money elsewhere, then of course their margin available for spending on transport would be less.

816. Would it be fair to put it in this way, that subject to whatever happens in the Budget, one of the bases on which this Scheme is put forward is that the margin of personal incomes will remain more or less the same, although of course public taste so far as spending that margin may alter?—I think that is generally true, but I hope you will not build up too much on that answer.

817. If it is generally true, I shall build up what I can on that truth. Now let me deal with something which I am sure is definitely within your ken, and that is the question of the cost of coal. No provision has been made in the tables for the increased cost of coal?—No.

818. Am I right in thinking—I may well be wrong—that coal has already gone up?

(*President*): You mean the last increase?

819. (*Mr. Turner-Samuels*): The last increase.—Coal has gone up since these figures were prepared, yes.

820. And it is that increase and that increase only which is not allowed for in the tables; there is no other increase?—That is the only major increase?

821. I am sorry; any increase in coal which is not allowed for in the tables?—I am so sorry, I have not followed you.

822. I did not make it clear. This last increase in the cost of coal is the only increase in the cost of coal which is not allowed for, not taken into consideration, in your tables?—Yes.

823. Recently there has been talk of a further increase in the cost of coal, has there not?—No, I was not aware of that. I was rather hoping that the last 5s. 0d. or 5s. 6d. was going to be the very last.

(*Mr. Turner-Samuels*): It may be that I am mistaken and that it was in relation to that increase that this discussion came about.

(*Mr. Harold Willis*): I think Sir Hubert Houldsworth said that he thought that coal had reached the limit of price.

824. (*Mr. Turner-Samuels*): How much is this increase in the cost of coal going to cost you in “Y” year?—Something over £4m. or the Commission as a whole.

825. £4m. to £4½m., shall we say as a rough figure?—Yes.

826. I just want to know when you say “something over” whether you mean millions over, or what?—No, a few hundred thousands over.

827. We will call it £4m. Is there the headroom within this Scheme as presented to cover that £4m.?—No.

828. Is there a Scheme in preparation to cover that £4m.?—No.

829. Or any other amount? There is no other Scheme in preparation?—No. We thought we had better wait until we had finished with this one.

(*Mr. Turner-Samuels*): That was very wise.

(*President*): Of course, that is not strictly true, because the Merchandise Scheme is in preparation in one sense, is it not?

(*Mr. Turner-Samuels*): I am sorry; my remarks were limited to passenger schemes.

(*President*): Yes, I thought so.

830. (*Mr. Turner-Samuels*): Are you prepared to accept this extra cost of £4m. without introducing a Scheme to meet it, or try to meet it?—That is a question that I am not prepared to answer at this moment.

831. Why are you not prepared to answer it—because you have not considered it, or because consideration of it is awaiting the result of this hearing?—Because it has not been decided.

832. So it is under consideration?—What is under consideration?

833. The question of a new Scheme to cover the £4m. in relation to coal, and maybe some other matters too?—No, not so specific. What is under consideration is what should be done to keep the 1953 budget balanced in spite of the rise in coal prices. It is a general problem and being approached as a general problem.

834. Is it right to say then that there is a possibility, which is being explored, that this Scheme as presented will be able, by economies and otherwise, to absorb this additional £4m.?

(*Mr. Harold Willis*): This £4m. does not apply only to the passengers; it is the Commission as a whole.

835. (*Mr. Turner-Samuels*): All right, then this Scheme as presented will be able to absorb so much of the £4m. as is attributable to passengers?—No.

836. How much of the £4m. would you say is attributable to the passenger side? In other words, if you brought in a new Scheme, how much of that £4m. would you show in your tables?—It depends to some extent on what increases in the cost of electricity follow the increases in the price of coal. We are not quite certain of the figures yet, but the additional cost to London Transport would be of the order of a few hundred thousand.

837. £100,000?—A few hundred thousand.

838. So far as the remainder of the British Transport Commission's undertakings that come within this Scheme are concerned, how much would it be?—I am sorry, I could not give you the allocation of that to the passenger locomotives of British Railways, which is the other thing mainly affected.

839. Can you tell me—you may not be able to, and I do not want to tie you down—if it would be of the order of, say, 50 per cent.?—I am trying to remember at the moment the comparative coal consumptions on the freight traffics and the passenger traffics. It would depend on that, would it not?

840. Yes. Perhaps the order of the figure could be given to us at some later stage?—I will try, yes.

841. The effect of the increases outside London I shall leave to the witnesses concerned, but there is one important matter of policy which I must ask you about. Perhaps you could have B.T.C. 601 and 602 before you. This goes to the question of the adequacy, and so on, of your services.—Yes.

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842. Table B.T.C. 602 shows that so far as early morning return fares are concerned, which is item 5, there would be a yield as a result of your increases of £300,000 a year?—£360,000.

(Mr. Harold Willis): Column 6 is the discounted yield.

843. (Mr. Turner-Samuels): Yes, in column 6 that is the eventual yield, £300,000.—Yes.

844. If you look at item 6 of Exhibit B.T.C. 601 you will see that this increase of £300,000 is achieved at the cost of driving 4.3m. passenger journeys off your traffic.

(Mr. Harold Willis): Of course, that is a complete misapprehension.

845. (Mr. Turner-Samuels): Well, is that a misinterpretation first of all, shall I ask you?—As you will see, the Exhibit B.T.C. 601 is headed "at existing charges"; so that the difference between the 106m. and the 102m. is something which is going to happen, or would have happened, even if the charges were not increased.

846. So the 4.3m., even if the fares were kept at their existing level, is going to result?—That is the estimate.

847. Do you know the additional fall in passenger journeys as a result of the increases, or cannot you at the moment give us that figure?—I cannot give you that figure, I am sorry. There is a discount of 60,000, Mr. Turner-Samuels, which you will see in column 5 of B.T.C. 602. How that translates into passenger journeys I am afraid I could not tell you.

848. Possibly we can do that, although of course it depends at what levels they drop off, does it not?—Yes.

849. Will that have been worked out in detail?—The commercial witness will, I am almost sure, be able to give you that in detail.

850. Do you not think then, putting it merely on this basis, that as a matter of policy, a drop of 4.3m. passenger journeys by those who use early morning return fares indicates that your service is not meeting the needs of those who would normally travel by such services?—No.

851. You do not?—No.

852. Why do you not?—Because the causes of the reduction are no doubt many.

853. You do not think it is the cost of travel?—The cost of travel may be having its effect, certainly.

854. Do you think that that order of fall is not something which, as a matter of policy, you ought to do something about?—As a matter of policy, something always has to be done if you can do it, when you find traffics falling. The question is what should be done about it.

855. Then let me ask you that question: If as a matter of policy something ought to be done about it, what do you think ought to be done about it?—The proposals are in the Scheme.

856. Put up the fares higher?—We do not think that we can reduce the fares in that particular category.

857. No, but do you think you can increase them?—We think we shall have to increase them.

858. And drive more people off?—Some of those may be driven away; on the other hand, if we increase some other category of ticket, we may drive some more people away.

859. Is there a question of principle in this, or is it a matter for the commercial man? If you look at Exhibit B.T.C. 602, you will see that the increase from early morning return fares under column 6—the discounted yield—is £300,000?—Yes.

860. And the yield from season ticket holders is £200,000?—Yes.

861. If you just glance back at B.T.C. 601 for a moment you will see against items Nos. 6 and 7 that there are more season ticket holders in "Y" year estimated—or rather more season ticket journeys in "Y" year—than there are early morning return fare journeys?—Yes.

862. So there are more season tickets than early morning returns. Despite that, the early morning return fares are asked to bear 60 per cent. of the total increased yield from outside London, Railway Executive, and the lesser number of season tickets, only 40 per cent. of the

increased yield. Does any question of principle arise in that which you ought to deal with, or is it purely a commercial matter for the commercial side?—I think it is largely the effect of the taper in the season ticket rates—the increased taper in the season ticket rates.

863. You say that is a result of the increased taper?—I think so, but like you I will have that checked back.

864. I would like you to check that. So there is no matter of principle apart from questions of taper, why the smaller number of early morning return fares should be asked to pay 60 per cent., whilst the season ticket holders should only be asked to pay 40 per cent. of the increased yield?—No.

865. The shift workers' tickets have been dealt with, and I think the oil tax was dealt with. I want to know the effect of Government action on your financial position. Do you know offhand roughly how much is paid to the Road Fund by the British Transport Commission?—I have the total for the vehicle licence duty somewhere. I think we could get most of it by referring to the Annual Accounts.

(Mr. Harold Willis): Do you mean the licence duty?

(Mr. Turner-Samuels): Yes.

(Mr. Harold Willis): I think the Road Fund licence, as such, has disappeared.

866. (Mr. Turner-Samuels): The licence duty.—Yes, I think we could do that without much difficulty. In fact, if you look at Account IV-1 of the 1951 Accounts you will find a figure of £4.3m. for vehicle licence duty and inland waterway tolls. Let us take off the inland waterway tolls, and we have a figure of about £4.2m. That would represent the bulk of the payments of the kind you have mentioned. There may be some small items under such headings as Hotels and that kind of thing, but that would account for most of it.

867. The precise figure is not important down to a decimal point. The reason I ask you is this, that it has been suggested before this Tribunal, and it has been suggested elsewhere by Mr. Valentine, that if the average running speed of London buses, or perhaps I should say operating speed of London buses, was increased by as little as one mile per hour, there would be a very substantial saving to the London Transport Executive.—Yes.

868. Can you yourself give the order of that saving, how many millions of pounds it would be?—I would be speaking from memory, but I have an idea that a figure of about a million pounds was mentioned.

869. Mr. Valentine no doubt will deal with that?—I think so, yes.

870. It is evidently an amount of some substance. Have you raised this matter with the Government to see if any action can be taken to improve the London traffic position? When I say "you" I mean the Commission, of course.—The Commission are consulted, like all other road users. I am not aware that they have made any special approach to the Minister of Transport.

871. I did not want to know whether the Minister had come to you; I wanted to know whether you had gone to the Minister?—I think not. I am reminded that we are represented on the London and Home Counties Traffic Committee, or whatever it is called.

872. But I will deal with this matter more fully with Mr. Valentine when he is called. I gather he takes the view that any capital expended on the improvement of roads would result in a benefit in respect of the London Transport Executive many times the amount of the benefit which will accrue to other users of the road?—It would make a considerable difference to the finance of the Road Transport undertaking.

873. I believe you have had a survey taken in Bristol—similar to the London Travel Survey?—I was not aware that it was yet complete.

874. Perhaps you could ascertain whether it is complete. What I would like is some indication of the amount spent on fares by people in Bristol, on similar tables as those in the London Travel Survey?—Yes; I will certainly find out whether that has been completed.

875. When was it taken?—I think it was taken some time last year.



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SIR REGINALD HOLMES WILSON

[Continued]

876. Is there somebody else I ought to ask about this?—No; I will check back and find out. As you will appreciate, we have a great many things going on.

(Mr. Osmond Turner): May it please you, Sir; it would be a very great convenience to me if I could reserve my cross-examination of Sir Reginald until after the cross-examination of my learned friend for the Middlesex County Council. There are various reasons for this, and I understand that Mr. Willis does not raise any serious objection to that course being taken. In view of that I was wondering whether there were any other Objectors here, other than the Middlesex County Council, who would wish to proceed at this stage. If that is so, I would be quite prepared to yield my place.

(President): Why do you want to defer your cross-examination? Do you want to be elsewhere, or do you want to hear the cross-examination by the Middlesex County Council?

(Mr. Osmond Turner): I do not want to be elsewhere, Sir, and I do not wish to hear the cross-examination; it is merely that, through the illness of a particular person, I was instructed very late and I have not been able to consolidate my instructions, if I may put it that way.

(President): Are there any other Objectors here who wish to cross-examine? Apparently there are not. Mr. Willis, would it be convenient for Sir Reginald to stand down now, and for you to begin with your next witness?

(Mr. Harold Willis): I was hoping to dispose of all the cross-examinations except that by Mr. Geoffrey Lawrence; but if Mr. Osmond Turner is in any personal difficulty I would be only too pleased to let him reserve his cross-examination. If I could call the next witness, and if that meets with the wishes of the Tribunal, I shall be pleased to do so.

MR. PHILIP GAVED JAMES, SWORN.

Examined by MR. FAY.

877. Is your full name Philip Gaved James?—Yes.

878. Are you a Fellow of the Society of Incorporated Accountants and Auditors?—I am.

879. Are you now the Chief Financial Officer of the London Transport Executive?—Yes.

880. As such, are you responsible for the accounting, costing, internal auditing, traffic auditing, and the payroll work of the London Transport Executive?—Yes.

881. Have you been associated with London passenger transport for a long time?—Yes, I think since 1920 in one capacity or another, and I have been on the staff of the London Transport Executive, or its predecessors, since 1938.

882. Prior to 1935 were you in a private firm engaged upon the books and auditing of some of the constituent companies which later formed the London Passenger Transport Board?—Yes.

883. In 1935 I think you joined the London Passenger Transport Board?—Yes.

884. Did you become assistant to the Chief Accountant in 1937?—Yes.

885. Did you become the Accounts Officer in 1940?—Yes.

886. And the office of Chief Accountant under another name is the one you hold today?—That is so.

887. Your evidence is primarily directed, I think, to an exposition of Exhibit B.T.C. 402?—That is so.

888. What I am going to ask you to do is to deal in detail with costs aspects of the financial changes illustrated in that Exhibit. Is it right to say that that Exhibit, B.T.C. 402, compares the financial position or summarises the changes in the financial position as between "X-A" year and "Y" year?—Yes, it does. It arrives at a total difference of £49m. which is the amount referred to in paragraph 8 of Statement B.T.C. 4.

889. Of that £49m., £46m., as we see, is accounted for by net increases in costs?—Yes.

890. And it is that £46m. with which you are going to deal?—Yes—in line 7.

(President): Yes; I think that is the best course, but I hope it will not result in a large number of Objectors who are not here today suddenly appearing tomorrow in order to cross-examine Sir Reginald. However, if that does happen perhaps I can deal with it by way of rebuke.

(Mr. MacLaren): Whist arrangements are being made for the next witness to be called, Sir, on this question of procedure, if Mr. Geoffrey Lawrence returns tomorrow it is intended, I presume, that his cross-examination of Sir Reginald should take place before the next witness? It would certainly be very convenient for the London County Council to hear the cross-examination by the Middlesex County Council; we have arranged with Middlesex that they shall take the main burden of the financial case.

(President): That probably would be convenient; one would like to get rid of Sir Reginald, if he does not mind that phrase being applied to him.

(Mr. Harold Willis): I should think it would be convenient, I think it would be better that Sir Reginald should be interposed as soon as Mr. Lawrence is ready.

(President): Yes. I do not know whether anybody knows whether Mr. Lawrence and Mr. Ramsay Willis are likely to finish in the House of Lords today?

(Mr. Glover): I am instructed on that point that although nothing is certain I can give you a rather guarded Yes to your question, Sir.

(President): Then it is likely that he will be here tomorrow morning. In that case, tomorrow morning we shall begin with Mr. Lawrence's cross-examination of Sir Reginald, if he arrives.

891. I should say, when asking you whether this is a comparison as between "X-A" year and "Y" year, that "X-A" year is adjusted by the decision of the Tribunal on the 1952 Scheme?—Yes, that is so.

892. To start with, the last Scheme—the last figures presented on the previous Inquiry—were those shown in the exhibit at that Inquiry, Exhibit B.T.C. 112?—Yes.

893. Have you that exhibit before you?—I have that exhibit.

894. So far as London Transport is concerned, were the figures in B.T.C. 112 derived from an earlier exhibit, B.T.C. 106?—Yes, they were.

895. B.T.C. 106, which was one of the original exhibits at the first Inquiry, was an indication of receipts and expenses in "X" year at existing charges?—Yes.

896. As that exhibit, B.T.C. 106, shows, was the estimate arrived at by taking the 1950 figures and adjusting them for known alterations produced in "X" year?—Yes. B.T.C. 106 took account of the alterations as we knew them up to April, 1951.

897. I see in B.T.C. 106 that the figures for 1950 were described as "estimated". Were they in fact accurate estimates?—Yes, they were. They were described in the Explanatory Notes to that series of exhibits as being as near actual as makes no matter. They were, in fact, in accord with the increase for 1950 as subsequently audited.

898. During the last Inquiry—in fact, in October of 1951—there came substantial changes in wage rates, I think?—That is so.

899. And was it in consequence of those changes that the new Exhibit B.T.C. 112 was then prepared?—Yes.

900. What adjustments were made to the earlier exhibit, B.T.C. 106, to arrive at the revised figures in B.T.C. 112?—There were two. There was an allowance included in the expenses of £2.5m., for the estimated effect of the wage increases actually agreed, or pending, in October, 1951, and there was an adjustment made to the receipts for the changes in charges which were then proposed to the Tribunal.

901. It follows that the origin of both "X" year and the later "X-A" year were the figures for 1950 adjusted?—Yes.



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[Continued]

902. When we come to the new figures for "Y" year has another basis been adopted—other than going back and making an adjustment?—Yes. The figure for "Y" year are based on the domestic budgets of the London Transport Executive for the year 1953 which have been prepared in accordance with the normal London Transport budgetary control procedure.

903. So instead of going back and making alterations, you look forward?—Yes.

904. And in point of fact, there is a difference of three years, namely between 1950 and 1953, in the respective bases?—Yes; there is a difference of three years in the bases.

905. You were going to tell the Tribunal, I think, how the budgetary forecast upon which "Y" year is based is in fact arrived at; could you do that shortly?—Yes. I said just now that it was in accordance with the normal budgetary control procedure. The assessments were prepared late—in this case in 1952—by the departments on the basis of information about expenditure up to a late date in 1952, and after allowance has been made both for the changes which we expected to take place in the next year including changes in mileage to be operated and the effects on costs of which the departments are aware at that time, the departmental estimates are subjected to financial review in my department before being subjected to review by individual Executive members for their review, and before being submitted in budget form to the Executive and then to the Commission for approval. The budgets for the year are changed if there is a major change in circumstances outside the control of the Executive such, for example, as the change in fuel duty that occurred last year or a major change in wage rates. Otherwise they are left as they are drawn up at the beginning of the year, to keep them as a satisfactory forecast of expenditures over the years to which they relate.

906. In other words this budget was not prepared for the purposes of this Inquiry; it is a normal feature of your financial control?—Yes. It was prepared before the war; it was suspended during the war, but it has been in operation ever since 1948 as a post-war job.

907. Has experience shown whether or not the forecasts in your budget are reasonably accurate?—They have been remarkably accurate. I can quote figures here: In 1950 our estimates were 2 per cent. out on £55m.; in 1951 they were 1.0 per cent. out on £61½m. and in 1952 they were £20,000 out on £66m.

908. So those are the sources of the figures for "X-A" year and "Y" year in B.T.C. 402?—Yes.

909. Do you explain the differences which account for the increases in costs between the two years?—Yes.

910. I want to deal with these one by one. In Item No. 1, have you calculated altogether four major identifiable items of increase? Yes. Those are the four important changes that have occurred since the conclusion of the last Hearing, and in respect of which no allowance was made in the estimates for "X-A" year.

911. The first one is the increase in duty on petrol and fuel oil in March, 1952; that was in the last Budget, was it not?—Yes.

912. It is described as "petrol and fuel", but it is almost entirely fuel oil, is it not?—It is almost wholly fuel oil. It is the 7½d. duty which was imposed at the last Budget. All the buses are worked on fuel oil, so there is only a small amount of petrol which is used in lorries, vans and other miscellaneous vehicles.

913. The next item, Item 1 (b), is the one which is described as "increase in wage and salary rates in the Autumn of 1952", and the figure for that is £2m.?—Yes.

914. Is that one increase or is it a number of allied increases?—It is a number of allied increases. About September, and in the succeeding months of 1952, there was a series of increases covering substantially the whole of the London Transport staff except some groups whose wages are governed by national agreement. The increase was about 7s. 6d. per man per week, and the £2m. has been computed by applying the annual cost for each of the groups of staff concerned to the numbers of staff who participated in the increase, and making appropriate allowances for the effect of the basic increase on enhanced payments for overtime, and Sunday duty.

915. The third of those sub-items, Item 1 (c), is described as "Increase in the rate of National Insurance contributions in October, 1952". That is self-explanatory, is it not, and can be readily appreciated by anyone who has anything to do with putting stamps on cards?—Yes. That was the 8d. per week for a man and 6d. a week for a woman on the weekly stamp.

916. The last of these major items since the last hearing is "Increase in coal prices", Item 1 (d). The figure for that is £0.2m.; which increase is that designed to cover?

—Substantially that is the increase which occurred on, I think it was, the 31st December, 1951, when the price of coal was increased by 5s. 6d. a ton. I think it is quite clear that it is not the increase which has recently occurred. The cost that we have included there is the effect of the increase on the coal that we buy for generating power for ourselves in our own generators together with the effect of that increase on the coal prices, and the charges which we shall have to pay to the British Electricity Authority in respect of purchase of current, where the prices are the subject of adjustment under Coal Clauses.

917. Then we come to Item No. 2 on B.T.C. 402; can you describe generally what is swept up by Items 2, 4 and 6 before I go on to deal with that in detail?—I think one might say of Items 2, 4 and 6 that they represent the variations in costs which have occurred between "X-A" year and "Y" year in excess of the allowances which were made for those variations in "X-A" year in estimates which were submitted to the Tribunal at the last Hearing.

918. They may be increases after the last Hearing or they may be increases during, or envisaged at, the last Hearing, which were insufficiently taken account of?—Yes; they may be either.

919. And as regards each of these three items 2, 4 and 6, have you ascertained them by ascertaining the global increase and then deducting whatever was allowed in "X-A" year?—Yes. I think that is correct with regard to Items 2 and 6. Item 4 is the residue of increases in respect of which no allowance can be traced in "X-A" year at all.

920. That is a sweeping-up?—Yes.

921. Then I go on to deal with Item No. 2: "Other net increases in wage rates and price levels since 1950 in excess of the provisions made in the "X-A" year estimates (B.T.C. 112) submitted to the Tribunal in 1951". I want to go in some detail into the various net increases both in wages and in prices which result in that figure. Could it in fact be divided into a number of sub-headings?—Yes. Item 2 can be divided into 8 sub-headings.

922. If I ask you about each of them and produce a figure for each of them shall we in the end arrive at figures which will add up to £1.4m.?—Yes.

923. Does the first of the items there cover the changes in wage rates and the consequential changes in superannuation which were not fully allowed for in the "X-A" year estimates?—Yes.

924. Could you say how the item is assessed?—Yes. Between the beginning of 1950 and the present time there have been three major changes in wage rates; there was one which took place right at the end of 1950; there was another which took place in the Autumn of 1951, and there was a third which took place in the Autumn of 1952.

925. We have already dealt with those three, have we not?—Yes.

926. We have dealt with them under Item 1 (b)?—That is so.

927. The other two presumably were intended to be dealt with in the "X-A" year estimates?—Yes. The first one which, as I said, took place at the end of 1950 was dealt with in the estimates for "X" year; that was B.T.C. 106; that was dealt with by the inclusion of the figure of £0.2m. at Item B in the exhibit. The second—that is the one which took place in the Autumn of 1951—

928. That was during the last Inquiry?—Yes. That was dealt with by the inclusion of a sum of £2.5m. in line 9 of B.T.C. 112, column 6.

929. The figure which appeared in line 9, column 6, as the forecast for "X" year is £63.6m. working expenses; that had been inflated, if that is the right word, by the

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[Continued]

addition of the sum you mentioned for the increased wages.—We have made an addition of £43m. for the increased wages.

930. So in "X" year and "X-A" year your figures made provision for £2m. and £2½m.; that is £43m. altogether?—Yes.

931. How much do you find should have been provided?—I find that more than that should have been provided because these major groups of wage adjustments were not the only wage adjustments which have taken place in the period of three years which we are looking at. During that time there have been a fairly considerable number of relatively small adjustments to wages rates and the total cost of those between the beginning of 1950 and the present time over and above what we have charged, either in B.T.C. 106 or B.T.C. 112, was allowed for in Item 1 (b) of B.T.C. 402 as £0.4m.—that is, £0.4m. over a period of three years. I have in addition allowed a sum of £0.1m. for the effect of the increases in wages on employers' superannuation contributions and upon retiring pensions and allowances which are dependent upon wage rates, so that in respect of wage rates and the associated superannuation and similar payments I have included a sum of £0.5m. in excess of the sums provided previously, or which are now provided in 1 (b).

932. So the first of the eight items which makes up the £1.4m. is £0.5m. wages, superannuation and pensions?—Yes.

933. Now I come to the second of the eight items—"Maintenance Costs"?—Yes. In respect of that there is a sum of £0.2m. included.

934. So the second item will be a £0.2m. increase in maintenance costs?—Yes.

935. I would like you to go into that; there is a standard maintenance charge applied in respect of the London Transport Executive, is there not?—Yes. The basis of the charge has, I think, been explained at earlier Hearings, and perhaps I need not go into that.

936. I think for the benefit of those who have not heard it before, you could perhaps explain it very briefly.—Very briefly the position is this, that the sum charged to maintenance in the full year is determined on the basis of a formula which is substantially a continuation of the formula which operated during the period of Government control from 1939 to 1947. This maintenance charge is substantially expenditure on maintenance and renewals in the base year 1939, adjusted in respect of changes in wages and price levels since the base year and changes in the assets subject to maintenance.

937. Is that figure calculated afresh each year? Is it the standard maintenance charge which is debited to revenue account?—The base charge remains constant and our calculations are made each year in respect of allowances for increased costs and in respect of any adjustment to be made for changes in the volume of assets subject to maintenance.

938. Was there an increase in the standard charge as between 1950 and "Y" year?—Yes. The standard charge as calculated and used for the purpose of the 1950 accounts was £12m. and the standard charge for "Y" year calculated on the same basis is £14.3m.; that is an increase of £2.3m.

939. And that is the gross increase?—Yes.

940. Is some of that gross increase already taken into account under your evaluation of wage increases?—Yes —£1.4m. of the increase in wages, which I have spoken of just now, relates to the item of increase in wages which increases the amount to £0.9m.—£2.3m. less £1.4m.

941. Is there a change in the volume of assets in service which has to be allowed for?—Yes. There is a reduction in the assets subject to maintenance, which is reflected in the standard charge of £1.4m. I have dealt with that separately as part of Item 6 in B.T.C. 402, because that arises substantially from tram conversion, and I want to deal with the effect of tram conversion in Item No. 6. In those circumstances I am reducing my £1.4m. by £0.1m. My residue of increase then remains at £1.0m., and that is the amount to be dealt with for increased charge in "Y" year.

942. That is as between "X-A" year and "Y" year?—That is as between 1950 and "Y" year.

943. What about the "X-A" year estimates?—They amount to £0.8m. in respect of this item. It is part of an item £1.0m. which appears as item (2) (e) in B.T.C. 106.

944. You are saying that Item 2 (e) of B.T.C. 106, namely, £1.0m., is composed of £0.8m., this maintenance addition, and the estimated £0.2m. What was that?—The allowance in respect of the increased cost of clothing, fuel, consumable stores and the like, which I am going to deal with a little later on.

945. So on this item, which is the second of the eight making up Item No. 2, the result is that the difference is £1.0m.; £0.8m. was allowed for; £0.2m. the balance remains to be provided for?—That is so.

946. So that we get our figure of £0.2m. for increase in maintenance cost. The third of the eight items is increased cost of coal and electric current?—Yes.

947. That is, of course, other than the specific increase that you have already dealt with in Item 1 (d)?—Yes. As I said, Item 1 (d) deals mainly with the increase in coal prices which occurred at the end of 1951. There have been increases in the prices of coal at various times between 1950 and the end of 1951, and there have been increases in land and sea freight on coal at various dates between 1950 and the present time.

948. Has there also been an increase in the price of creosote pitch which, oddly enough, is used as a fuel at one generating station?—Yes. That is a substitute for coal in certain of the boilers. If I may say, it is not a major item; coal is the major item, and that is allowed for here.

949. Has there been another factor causing an increase in the price of electric current?—Yes. The other factor which has caused an increase in the price of electric current is the reduced demand on generating stations which has resulted from the withdrawal of the tram services and from cuts in railway mileage, which we shall be coming to a little later on. Those reductions in mileage enabled economies to be made in coal, but they do not enable you to make proportionate reductions in the other costs. They therefore have the effect of putting up the unit cost of electricity for the remaining services using electricity. The total increased cost which has not been allowed for in Item 1 (d) from 1950 up to "Y" year is £0.6m. That is coal prices and creosote pitch, and I have mentioned the effect of the reduced demand on the generating stations, against which we allowed £0.3m. in the estimates for "X-A" year on Item 2 (c) on Exhibit B.T.C. 106.

950. That is leaving £0.3m. still to be accounted for?—Yes.

951. So that £0.3m. is the third of the eight items in Item No. 2?—Yes.

952. Before we leave coal, could you give the Tribunal an estimate of the cost to London Transport of the recent increase which was announced a week or two ago?—The estimated cost in respect of coal only is £163,000 in a full year—that is the increased cost to be suffered by the London Transport Executive as the result of the adjustment of coal prices taking coal alone. That £163,000 relates to the full year, and if we allow for the effect of those increased prices on purchased electric current, the total increase will be £0.2m.

953. That last increase is due to the effect of the Coal Clause in your agreement?—Yes.

954. Is the fourth of the eight items an increase in the price of fuel oil and does that produce a net increase of £4.1m.?—Yes. That relates to changes in the price of fuel oil other than changes which have resulted from variations in the duty on the oil.

955. The price of fuel oil has been changed on a considerable number of occasions, has it not?—Yes.

956. There have been some increases and some decreases; they were mostly increases, and the net effect of the increases over and above the allowances made in "X-A" year is £0.1m.?—Yes.

957. Is the next and fifth item a welcome change, in that it is a minus figure, namely, the change in the price of tyres?—Yes. The price of tyres was increased in 1950 and again early in 1951, and we made an allowance for that increase in the "X-A" year estimates. The price of tyres was decreased in April, 1952, and that decrease has

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[Continued]

resulted in a saving of £0.1m. in a full year. That is the amount which we have credited in that statement. I should perhaps mention at this point that in December, 1952, a further downward adjustment of tyre prices was announced; the effect of that was not known when we made up these estimates, but we do know it now, and it will be a saving of £0.1m., which is not allowed for.

958. That, like the increase in coal prices recently, is not allowed for?—No.

959. So we have coal up £0.2m. and tyres down £0.1m. since these estimates were made?—Yes.

960. And the figure for Item 5 is minus £0.1m.?—Yes.

961. Is Item 6 out of the eight an increase in the price of clothing over and above what was allowed for?—Yes. The increase in the cost of clothing is due to higher prices of wool cloth and increased charges for making up. That results in an increased cost of £0.2m. in "Y" year compared with 1950. There was an allowance made in "X-A" year in respect of clothing and some other items taken together, which we are going to deal with in a moment. Perhaps I can deal with that a little later on, but there is an increase of £0.2m. in costs arising from the rising prices of wool and increased costs of making up the clothing.

962. So that was Item No. 6 of the eight—£0.2m. Does Item No. 7 relate to the increase in the price of gas, electricity (other than bulk supplies), water, stationery, tickets, licensing fees and consumable stores?—Yes. The prices of all those items have gone up, and it is somewhat difficult to ascertain the precise amount of the increase, because they are the type of expense which is incurred all over the undertaking. So far as we can ascertain, however, the precise increases in gas and electricity, other than bulk supplies of electricity, water, stationery, tickets and licensing fees, have gone up in "Y" year as compared with 1950 to the tune of about £0.5m. That includes nothing for the large volume of consumable stores which are used all over the undertaking, and which have also gone up, and I have brought my figure of £0.5m. up to £0.2m.

963. When you speak of "Consumable Stores", are you referring to stores which are used on maintenance or not?—No, they are not used on maintenance. They are included in the maintenance allowance about which we spoke earlier; this is the kind of thing which is used in stations, depots, garages, etc. I add £0.2m. for that and £0.2m. for clothing, making £0.4m. in respect of which I allowed £0.2m. in "X-A" year.

964. And that is the £0.2m. which is the balance after the deduction under Item 2 (e) of B.T.C. 106?—Yes.

(President): What have we got to now? We have reached the added costs under sub-head (7); that is the last figure.

(Mr. Fay): Yes, Sir—£0.2m. for clothing and £0.2m. for stores.

(Mr. Poole): You have exceeded you £1.4m. now, have you not?

965. (Mr. Fay): I am sorry; I think I am confusing myself as well as the Tribunal. There is only one £0.2m. in the last resort, when you lump Items 6 and 7 together. There is only one amount of £0.2m. to be added to the final figure. (To the Witness): Is that right?—Yes. The increased cost of Item 6 is £0.2m.; the increased cost of Item No. 7 is £0.2m., which adds up to £0.4m. in respect of which £0.2m. was allowed in "X-A" year, having a residue of £0.2m. at this stage.

(President): I think we had better group sub-heads (6) and (7) together and put in £0.2m. to cover both.

(Mr. Fay): Yes, Sir; if I may respectfully say so, that would be best. For the purposes of the sum that we are working out, may we call that item No. 6, which is two items, (1) Clothing, and (2) Other Prices.

(President): Very well. We have reduced the sub-heads now to seven, so there is only one left.

(Mr. Fay): Yes, Sir. I do not know whether you would like to embark upon that now?

(President): I should rather like to be rid of these items if possible.

966. (Mr. Fay): If you please, Sir. (To the Witness): Is item No. 7 an item in respect of depreciation?—Yes.

967. What is the figure for that?—That is again £0.2m.

968. How does that arise?—It arises partly from the increased cost of new assets as compared with the cost of the assets which have been displaced, which resulted in an increased depreciation charge, partly from the replacement of assets which were previously over-aged and which do not rank for depreciation, whereas the new assets require a depreciation charge to be set aside for them, partly from additional vehicles which had been acquired for extensions to the services and partly from the substitution of buses for trams in South London. I can give you a separate figure for each of those groups.

969. I think we will leave the separate figures to any of my learned friends who may ask for them. What is the total gross increase between 1950 and "Y" year?—"Y" year is £0.7m.

970. How much was allowed in "X-A" year?—£0.5m. There was £0.2m. allowed under item 2 (f) in B.T.C. 106 and £0.3m. as part of item 2 (h).

971. Making £0.5m. out of £0.7m., leaving £0.2m. to be accounted for?—Yes.

972. That completes our seventh and last figure, and when we add all the seven figures up we get £1.4m.?—Yes.

973. And that explains item No. 2 in Exhibit B.T.C. 402?—Yes.

(President): Very well; I think that will be a convenient place to adjourn, Mr. Fay.

(Mr. Fay): If you please, Sir.

(Adjourned until tomorrow morning at 10.30 o'clock.)

